ACTA UNIVERSITATIS UPSALIENSIS
Studia Sociologica Upsaliensia
16

PAUL WILLOX

THE CAPITAL CRISIS AND LABOUR

Perspectives on the Dynamics of Working-Class Consciousness in Canada

UPPSALA 1980

ACTA UNIVERSITATIS UPSALIENSIS
Studia Sociologica Upsaliensia 16

Distributor: Almqvist & Wiksell International, Stockholm, Sweden

Paul Willox

The Capital Crisis and Labour: Perspectives on the Dynamics of Working-Class Consciousness in Canada

Doctoral dissertation to be publicly discussed in Sal V, Uppsala University, on 3 June 1980, at 10.15 a.m., for the degree of Doctor of Philosophy. The discussion will be held in English.

Abstract

Willox, Paul, 1980. The Capital Crisis and Labour: Perspectives on the Dynamics of Working-Class Consciousness in Canada. *Acta Universitatis Upsaliensis. Studia Sociologica Upsaliensia* 16, 164 pp. Uppsala. ISBN 91-554-1025-1.

The study describes how emerging economic tensions in advanced capitalist societies are producing a resurgence of labour-capital conflict which has important implications for the development of working-class consciousness, with Canada being examined as a "case study" exemplifying these general themes.

The study first discusses certain general characteristics of advanced capitalism which provide the roots of this emergent labour-capital conflict. Particular emphasis in this connection is placed upon the escalating capital-intensity of industrial production and its consequences for investment funding and state expenditures. The study then describes how the general crisis is aggravated in the case of Canada as a result of the particular characteristics of the Canadian economy, with reference also being made to related non-economic factors.

Finally, the study examines some contemporary political reactions to both the general crisis and its Canadian variant. Examining relevant historical precedents as well as such recent phenomena as Trilateralism, the study describes how narrowing economic options are generating new state strategies aimed at enforcing fiscal restraint and labour "discipline". The implications of these strategies for labour relations in particular and liberal democracy in general are explored, and some conclusions are drawn as to the possible impact of these trends on the development of working-class consciousness.

Paul Willox, Uppsala Universitet, Sociologiska Institutionen, Box 513, S-751 20 Uppsala, Sweden.

ISBN 91-554-1025-1
ISSN 0585-5551

164 pp.

ACTA UNIVERSITATIS UPSALIENSIS
Studia Sociologica Upsaliensia
16

PAUL WILLOX

THE CAPITAL CRISIS AND LABOUR

Perspectives on the Dynamics of Working-Class Consciousness in Canada

UPPSALA 1980
Distributor:
Almqvist & Wiksell International
Stockholm – Sweden

Abstract

Willox, Paul, 1980. The Capital Crisis and Labour: Perspectives on the Dynamics of Working-Class Consciousness in Canada. *Acta Universitatis Upsaliensis. Studia Sociologica Upsaliensia* 16, 164 pp. Uppsala. ISBN 91-554-1025-1.

The study describes how emerging economic tensions in advanced capitalist societies are producing a resurgence of labour-capital conflict which has important implications for the development of working-class consciousness, with Canada being examined as a "case study" exemplifying these general themes.

The study first discusses certain general characteristics of advanced capitalism which provide the roots of this emergent labour-capital conflict. Particular emphasis in this connection is placed upon the escalating capital-intensity of industrial production and its consequences for investment funding and state expenditures. The study then describes how the general crisis is aggravated in the case of Canada as a result of the particular characteristics of the Canadian economy, with reference also being made to related non-economic factors.

Finally, the study examines some contemporary political reactions to both the general crisis and its Canadian variant. Examining relevant historical precedents as well as such recent phenomena as Trilateralism, the study describes how narrowing economic options are generating new state strategies aimed at enforcing fiscal restraint and labour "discipline". The implications of these strategies for labour relations in particular and liberal democracy in general are explored, and some conclusions are drawn as to the possible impact of these trends on the development of working-class consciousness.

Paul Willox, Uppsala Universitet, Sociologiska Institutionen, Box 513, S-751 20 Uppsala, Sweden.

UNIV.
LEIDEN
BIBL.

Doctoral dissertation at Uppsala University, Sweden 1980

© Paul Willox 1980

ISBN 91–554–1025–1
ISSN 0585–5551
Printed in Sweden
TEXTgruppen i Uppsala AB, Uppsala 1980

To my
Mother and Father,
Mavis and George Willox

Contents

Chapter 1. Introduction 11
Chapter 2. Economic dimensions 19
2.1 General dynamics 19
2.2 Wider implications 23
2.3 Immediate implications 27
2.4 Fiscal crisis of the state 29
2.5 Short-term policy responses 35

Chapter 3. Some Canadian variations 40
3.1 The Mercantilist legacy 40
3.2 The rise of American ownership 43
3.3 Satellization's toll 47
3.4 Demographic factors 58

Chapter 4. Political reactions 61
4.1 The basic challenge 61
4.2 Reversing expectations — some immediate obstacles 66
4.3 The dimension of nationalism 67

Chapter 5. Labour politicization — the case of Quebec 72
5.1 Historical context 72
5.2 The accentuation of working-class consciousness 78
5.3 Labour and the Parti Québécois 86

Chapter 6. Labour politicization — English-speaking Canada 93
6.1 General context 93
6.2 Current trends 96

Chapter 7. The authoritarian temptation 101
7.1 "Thinking the unthinkable" 101
7.2 Precedents from the 1930's 102
7.3 The rise of Trilateralism 105
7.4 The crisis of democracy 111

Chapter 8. The rebirth of corporatism 120
8.1 Definitions and implications 120
8.2 The new proponents 124
8.3 Canadian trends 126

Chapter 9. Conclusion 131
9.1 The corporatist debate 131
9.2 The authoritarian drift 134
9.3 Summary and Implications 135

Notes 139
References 142
Appendix 156

Acknowledgments

I wish to express my thanks to the various people at Uppsala University who assisted me during the course of this study. In particular, I wish to express my gratitude to Professor Ulf Himmelstrand and Pablo Suárez of the Institute of Sociology for their comments and suggestions. I also thank Lola Billås for her secretarial assistance and Kjersti Rytenberg for her work in preparing the manuscript for publication.

Special thanks go to a person who would probably prefer to remain anonymous. Without her encouragement this study might never have been completed.

Paul Willox
Uppsala, 11 February 1980

Chapter 1

Introduction

The goal of this study is to provide a descriptive/diagnostic outline of a crisis of historic magnitude and intractability which confronts the Canadian working-class, a crisis which is part of a wider international crisis and whose dynamics would seem to be moving segments of organized labour toward an increasingly radicalized, class-conscious politicization and in turn provoking formulations of state policies aimed at co-opting and/or repressing this politicization.[1] In arriving at a preliminary consideration of these trends, it is the hope of the author to cast further light upon some key phenomena in the political economy of advanced capitalist societies in general and Canada in particular, and thereby contribute in a modest fashion to the understanding of working-class consciouness and its dynamics. Further, it is the belief of the author that descriptive/diagnostic "case studies" form a necessary preliminary to the eventual formulation of more precise sociological hypotheses about class consciousness.

That the alluded-to international crisis actually exists, that it is not the figment of an apocalyptic imagination but is rooted in perceptible structural realities, is attested to by a broadening consensus embracing a wide ideological spectrum that advanced capitalist societies are entering into a new era of mounting systemic challenges and turbulence. Described in a correspondingly wide variety of terminologies, the crisis in question is essentially related to economic dynamics, but is also reflective of a complex of evolving cultural values as well as generative of profound political and social implications.

Some of these implications were bluntly spelled out by the Trilateral Commission in its 1975 report, *The Crisis of Democracy*. Citing former West German Chancellor Willy Brandt's prediction that "Western Europe has only 20 or 30 more years of democracy left in it; after that it will slide, engineless and rudderless, under the surrounding seas of dictatorship, and whether dictation comes from a politburo or a junta will not make that much difference (quoted in Crozier et al 1975: 2), the Trilateral report warned that governments throughout the advanced capitalist world committed to sustaining economic expansion will need increasing increments of authority to enforce the allocation of capital, and that ultimately the very survival of liberal democracy will hang in the balance.

In the case of Canada, such pressures are magnified by the particular characteristics of the Canadian economy, especially its unbalanced development resulting from an exceptional degree of external ownership, and its consequent in-

ability to produce either sufficient jobs or a stable balance of payments. As this study will document, there is evidence indicating that one impact of these pressures has been to help stimulate the gradual emergence of a working-class consciousness among certain elements of the labour movement within Quebec, and that, more recently, these pressures have stimulated in some other parts of Canada a dynamic of politicization which carries with it the potentiality of nurturing a parallel emergence of class-conscious elements within the working-class.

This process has been significantly aided—at least in the case of Quebec—by the particular relationship between nationalism and class consciousness which is sometimes found in satellized societies, i.e. that in the context of foreign ownership, nationalism can sometimes illuminate rather than obscure class divisions. Its principal foundations, however, are found in the looming crisis of Western economies in general. This crisis can be summarized briefly in the following terms: the growing capital-intensity of industrial production is increasingly rendering the continued profitable production of an ever-widening range of goods and the maintenance of workers' real earning power and social services at their present levels (let alone any improvement) mutually exclusive propositions within our present economic structure. The task of defining and safeguarding workers' interests in this unfolding crisis is already having the effect of politicizing organized labour. This politicization seems likely to accelerate as the crisis of capital-intensity deepens, not least because narrowing economic options and restricted fiscal maneuverability will encourage governments to resort increasingly to combinations of co-option, demagogy, and repression in attempts to enforce programs of severe fiscal restraint and labour "discipline".

Given its vulnerable economic structure, Canada is now experiencing many of the socio-political tensions inherent in the "capital crisis", tensions which have not yet surfaced to the same extent in more stable, evenly developed economies. From the viewpoint of the political sociologist, therefore, the deteriorating economic situation of Canada with its concomitant labour politicization constitutes both an interesting macro-case study of a society on the periphery of the advanced capitalist world and a prototype of certain tensions which are likely to ultimately arise in the centre of that world. The extent to which this labour politicization has tended towards working-class consciousness, and the prospects for such a tendency in the future, are clearly matters more difficult to assess than the economic crisis underlying the politicization. Yet if this aspect of the study is more speculative, it is no less important a part of such a sociological exercise, for the attempt to discern latent or emergent structural contradictions and tensions in societies before said contradictions become totally manifest is an inherent part of the discipline's analytic and predictive mandate.

In this connection, it is the hope of the author that this study will constitute an effective counterpoint to certain simplistic and misleading perspectives on the economic and political dynamics of class consciousness and conflict in Western

industrial society in general and Canada in particular. These perspectives have been widely expressed to the point of enshrinement in both popular political culture and various influential academic analyses. Typical of such expressions is the roseate assurance by the Canadian Chamber of Commerce (1968: 12) that the "competitive enterprise system"

> . . . permits maximum individual freedom, encourages the exercise of individual initiative, broad dispersal of decision making, and the most economic allocation of human and material resources. It promotes dynamic economic growth and a steady rise in living standards.

Many observers have argued in the vein of Ralf Dahrendorf in *Class and Class Conflict in Industrial Society* (1959: 268) that capitalism is evolving into a golden age of "post-capitalist" class harmony in which "increasingly, the social relations of industry, including industrial conflict, do not dominate the whole of society, but remain confined in their patterns and problems to the sphere of industry." This approach was elaborated "authoritatively" in the early 1960's in *Industrialism and Industrial Man* wherein a future of diminishing class tensions was outlined by University of California president Clark Kerr, Harvard economist John T. Dunlop, and Princeton and M.I.T. industrial relations specialists Frederick H. Harbison and Charles A. Myer (1964: 235–6):

> Conflict will take place in a system of pluralistic industrialism, but it will take less the form of the open strife or the open revolt and more the form of the bureaucratic contest . . . The conflict . . . will be, by and large, over narrower issues than in earlier times when there was real disagreement over the nature of and the arrangements within industrial society. It will be less between the broad programs of capital and labour . . . and more over . . . work norms, job assignments. The great battles over conflicting manifestos will be replaced by a myriad of minor contests over comparative details. Labour-management relations will conform to this new context. Labour organizations will not be component parts of class movements urging programs of total reform, for the consensus of a pluralistic society will have settled over the scene . . . With skills more diverse, at a generally higher level, and obtained more through formal education, and with geographical mobility greatly increased, professional-type interests should mean more to workers than industry or class ties.

Underlying such predications of class-quiescence has been the assumption of ever-widening prosperity which in turn would ensure "bountiful rewards made available to everyone within the affluent society" (Leggett 1968: viii). This assumption of continuing prosperity has also been shared by certain "Third Worldist" Marxist analysts who have argued that the workers of advanced capitalist countries have been effectively co-opted by wealth generated from exploitation of the Third World and will remain so until the Third World liberates itself from imperialism—a view typified by Gjerstad (1973: 6, 53):

> . . . A dominating feature of the post-World War II era has been the economic and political stability within the metropoles paralleling a rise in real wages and a general betterment of material conditions and social security. The level of trade-union militancy and political discontent has been comparatively low . . .
>
> In relation to the exploited masses of the periphery, the centre working-class stands

forth as a highly privileged stratum ... Moreover the comparative privileges that the workers of Europe and North America have been able to harvest from the expansion of capitalism naturally play an important part in determining their attitudes towards the system ... The perpetuation of imperialism is in the interest of the metropolitan working-class, which today constitutes a labour aristocracy among the totality of workers of imperialist society.

Some have extended this reasoning to argue à la Marcuse (1964: 252) that the metropolitan working-class has become so thoroughly integrated into bourgeois culture and values as to

... militate against the notion that the replacement of the prevailing control over the productive process by 'control from below' would mean the advent of qualitative change ... Where these classes have become a prop of the established way of life, their ascent to control would prolong this way ...

According to this perspective, working-class consciousness in advanced capitalist society remains a distant prospect, one which will materialize only under the leadership of a rising generation of students and young workers less instinctually repressed and more spontaneous than their elders as a result of the prolongation of adolescence made possible through the widening affluence of advanced capitalism (for examples of this perspective see Marcuse 1969, Aronowitz 1973; for a critique see Fry 1974).

The general international literature on class consciousness and conflict makes relatively few references to Canada. To the extent that Canada is mentioned, it is usually only as an extension of the United States with, it is assumed, identical social characteristics. (A subsidary goal of this study will be to correct this simplistic view, while at the same time making appropriate references to those many aspects of the U.S.—and indeed of other advanced capitalist societies—parallel to Canadian circumstances.) Within Canada itself, a growing sociological interest has been evinced in both historical studies of class consciousness (e.g. Scott 1975—5, McCormack 1977) and analyses of current working-class trends (e.g. L. Johnson 1972, L. Bernier et al 1973, Legaré 1977). Nevertheless, a scan of Canadian sociological writing as a whole would suggest that the majority of sociologists—at least within English-speaking Canada—share the scepticism of Forcese (1975: 128, 130) toward any suggestion of growing class consciousness:

... Present and anticipated policies emphasize variations on existing patterns of ... caring for Canadians through welfare programs ... Class polarization ... is improbable ... The probable outcome of evolutionary development in Canada will be an elaboration of welfarism, meritocracy for the middle class ...

Assessing the credibility of this dominant perspective is an implicit aim of the following study.

Insofar as a definition of "class" is concerned, the author is painfully aware of the controversies which continue to rage among sociologists about the concep-

tualization of this term. It would be foolhardy indeed for a study of this limited length to purport to offer a definitive conceptualization of a term whose manifold implications have not been fully explored—let alone defined in a commonly accepted way—even after a century of debate within the discipline. Moreover, it is the author's belief that such definitional resolution will be achieved only after much further empirical research—to which this study is offered as a modest contribution. It would therefore seem permissible to state only that, in general, the concept of "class" as utilized in this study is to be understood by reference to what Wright and Perrone have termed "common structural positions within the social organization of production" (1977: 33) and that the concepts of "working-class" and "bourgeoisie" shall be used in their extended senses. For example, "working-class" shall be taken to include service workers and white-collar wage-earners as well as blue-collar industrial workers. Similarly, "bourgeoisie" shall be taken to include financiers and senior managers as well as the actual owners of the means of production—with the category "petite bourgeoisie" referring to those who own a business and who neither purchase/control the labour power of others nor sell their own labour power.

This admittedly arbitrary typology clearly suffers from certain limitations, particulary with reference to its application to such ambiguous categories as small employers and managers.[2] For example, as Wright and Perrone ask, is a small shopkeeper employing one helper in a different class from a small shopkeeper employing no one? Similarly, at what point is the line drawn between senior and junior managers? However, it seems to the author that to entirely set aside a typology on the basis of such boundary ambiguities would be analogous to dismissing the color-spectrum because of the difficulty in delineating precisely where one color ends and another begins—particulary when, to pursue the analogy with this macro-trend study, the concern is simply to note general relationships between basic colors.

On the related concept of class consciousness, this study shall employ the term as referring to the sense of a collectivity's basic self-identifications as a distinct class whose general interests are distinct from those of people outside the class and whose interests require concerted political action to achieve/defend. In the case of working-class consciousness, there is the corollary implication of workers' belief in the fundamental tension between their interests and the economic/political regime of advanced capitalist society. The author proceeds from the perspective that working-class consciousness as thus defined has been fully actualized, i.e. achieved on a class-wide basis, on relatively few occasions in history, and is therefore most fruitfully considered as a theoretical standard—one hesitates to say "ideal type"—against which to measure concrete socio-political changes. Accordingly, this study will refer, for example, to class-conscious *elements* within the working-class or to general *tendencies toward* class-consciousness.

Notwithstanding the various obstacles to the development of working-class

consciousness (see Ollman 1979), there is evidence—which this study will examine—of trends in Canada potentially conducive to a significant stimulation of such consciousness. While these trends have obviously not brought any class-wide actualization of working-class consciousness (nor is the inevitability of such an eventuality being posited here), it is helpful to recall the analysis of U.S. data by Vanneman and Pampel (1977: 435–6), who suggest that class consciousness need not be viewed in an "all or nothing" dimension, but rather as something which can be observed in present-day conditions manifesting itself incrementally in certain situational contexts while not in others:

> If we admit that class and status models are not invariant properties of individuals, we should rethink the implications of cognitive models for mass social action. Class consciousness does not require the exclusive use of bounded models; rather it is sufficient that people are able to respond meaningfully in terms of classes in some contexts . . . Protest behaviour is typically a socially structured alternative available to people. Their participation does require that the alternative meaningfully fits some image they have of society, but it is not necessary that they use only that image in all contexts.

Insofar as a particular theoretical perspective is utilized vis-à-vis the dynamics of working-class consciousness, this study will be somewhat guided by the interpretation offered by John Leggett (1973: 130):

> There is little doubt that both economic insecurity and working-class organizational affiliation are the important sources of working-class consciousness in industrial societies, and class consciousness in turn helps to determine how people act politically.
>
> Economic insecurity takes at least three forms: agrarian-industrial mobility (as in the case of uprooted workers), tenuous occupation position (as among the unemployed), and membership in a marginal racial or ethnic group (as in the case of black manual workers). When one or more of these characteristics is shared by unionized workmen, the net result is an accentuation of class consciousness. Furthermore, regardless of the source, class consciousness becomes significant politically when there is widespread economic insecurity, progressive party organization, a pro-labour candidate available, and a political labour union.

In addition, however, this study will stress that the deterioration in the terms of employment as a result of tax burdens and inflation is a growing source of economic insecurity, that government repression can be a significant source of working-class politicization, and that historical precedents indicate that as conditions of class-polarization emerge, so does the long-term possibility of corporatist and even fascistic movements which seek to co-opt and deflect rising worker discontent.

The term "state" as used in this study is related to Ralph Miliband's defintion (1969: 50): "the government, the administration, including public corporations, regulatory commissions, the military and the police, the judicial branch, sub-central government and parliamentary assemblies." In so doing, the author is aware of alternative definitional approaches, particulary the one examplified by Nicos Poulantzas' (1972: 251, 246) all-encompassing equation of the state with every institution "whether . . . public or private" which "maintains the cohesion of

a social formation and which reproduces the conditions of production of a social system by maintaining class domination." While such a broad conceptualization undoubtedly provides certain insights into the class base of a regime, its utilization in this particular study would be problematic. It is, after all, precisely the shifting relationship between the public sector (i.e. the State in the Miliband sense) and the private sector—shifts potentially as wide as the difference between liberal democracy and fascism—which this study seeks to elucidate. Proceeding with a definition of the state as encompassing all private power-institutions would obviously not lend clarity to this task. As Miliband (1973: 87–8) observes:

> . . . One of the main reasons for stressing the relative autonomy of the state is that there is a basic distinction to be made between class power and state power, and that the analysis of the meaning and implications of that notion of relative autonomy must indeed focus on the forces which cause it to be greater or less, the circumstances in which it is exercised, and so on.

Methodologically, this study will be based primarily on macro-economic and related political data. In placing such an emphasis on economic data, and particularly on the fiscal restraints imposed on the state by the exigencies of the capital crisis, the author is adhering to the sentiments expressed by Joseph Schumpeter (though not his underlying theoretical assumptions) concerning the merits of what he called "fiscal sociology":

> The public finances are one of the best starting points for an investigation of society . . . The full fruitfulness of this approach is seen particularly at those turning points, or better epochs, during which existing forms begin to die off and to change into something new. This is true both of the causal significance of fiscal policy (insofar as fiscal events are an important element in the causation of all change) and of the symptomatic significance (insofar as everything that happens has its fiscal reflection). [quoted in O'Connor 1973: 3–4]

Finally, a few technical matters: First, while primary sources of information are cited as often as possible in this study, frequent reference is made to secondary sources such as newspapers/magazines. The difficulty here is that many of the statements quoted in the study—from politicians and union leaders, for example—are not available from any other source. This is because many of these statements are not made from prepared texts—indeed, many are simply responses to journalists' questions—and newspapers/magazines therefore constitute the closest approximation to "at-source" documentation. Second, a great deal of quantitative data is presented in this study, reflecting the author's conviction that even a broadly interpretative "macro-diagnostic" study such as this needs to be anchored to a base of hard data. While the diversity of data-sources sometimes creates difficulties in the synthesizing of these data, it is the author's belief that most of the general trends under discussion are nevertheless documentable. It is, of cource, inevitable that a study such as this which examines latent or emergent economic and socio-political tensions will engage in a certain amount of theoretical discussion for which conclusive data is not yet available.

The particular approach of this study is offered in the belief that sociological insights into the phenomenon of class consciousness can be enhanced through an examination of the macro-economic and political context of those societies which offer documentary evidence of significant socio-political movements manifesting tendencies toward and/or the explicit articulation of working-class consciousness. It is the author's intention to assess such evidence from Canada and to set this evidence in its appropriate macro-context. By offering insights from an individual national "case study", it is hoped that a modest contribution will be made towards bringing the discussion of class down from the ethereal heights of abstract theoretical formulations where it so often remains.

Specifically, it is the goal of this study to describe how emerging economic tensions are producing a resurgence of labour-capital conflict with attendant implications for working-class consciousness, and how narrowing economic options are gradually producing new state strategies aimed at enforcing fiscal restraint and labour "discipline". The study first discusses certain general characteristics of advanced capitalism which provide the roots of this emergent labour-capital conflict. The study then describes how the general crisis is aggravated in the case of Canada as a result of the particular characteristics of the Canadian economy. Finally, the study surverys some contemporary political reactions to both the general crisis and its Canadian variant and the implications of these reactions for the development of working-class consciousness in Canada. An important task concerning these points is to seek and report empirical indicators of the various dynamics described.

Chapter 2

Economic dimensions

2.1 General dynamics

The economic roots of the crisis reside in the increasing capital-intensity of industrial production, i.e. the growing amount of capital needed per unit of production. This phenomenon in turn stems in significant measure from the growing technological base of production—a growth continually escalated by the pressures of international competition as producers seek to gain a competitive edge over their rivals through the introduction of new technologies as a means of securing lower unit-costs of production. Generally, each attempt to gain a competitive edge through added technology is soon cancelled out by the introduction of equivalent or even superior technology by rival producers, a development which then forces the initiator of a particular technology to make recourse to additional technology, in turn triggering another round of emulation by competitors. Given the complexity of industrial technology now being deployed, the resultant constant upping of the technological ante is financeable only through an exponential growth of investment capital—growth of such rapidity and magnitude that, increasingly, neither expanded sales nor complete utilization of the private sector's traditional investment resources are sufficient to cover it. (Even in monopoly situations, the spiral of technological innovation is usually sustained by considerations of acquiring and then maintaining markets, with a steady succession of new product-designs being unleashed as a means of cultivating new consumer tastes, in turn necessitating a new spiral of sales in order to maintain a profit margin for investment in retooling.)[3]

Moreover, while industry's rising capital costs still remain recoverable through globally-expanded sales of output (the pressure for such expansion being a major impetus for East-West détente), the global marketplace is a finite one, and thus eventually generative of diminishing capital returns. In other words, the marketplace's ultimate global limitations pose a fundamental obstacle to the time-honoured practise of simply tapping an additional market "over the horizon" in order to finance the growing scale of technology. In addition, the expanded production generated by widening technology accelerates the depletion of the world's natural resources and in turn feeds back upon the capital-intensity of resource-extraction (as complex new technologies are needed to tap less-accessible resources) and upon the consequent costs to all industrial consumers of resources—all this quite apart from the major costs added through resource-producer cartels, e.g. OPEC's increase of oil prices from $1.80/barrel in 1970 to

$18–23.50/barrel in July 1979. And while current attention is focused on rising energy costs—symbolized dramatically by President Jimmy Carter's July 1979 projection of $140 billion expenditure on U.S. energy self-sufficiency—inroads on forests and non-renewable mineral resources constitute a mounting challenge.

In a very real sense, this latter challenge is the most serious, for while it is clear that there are various renewable-energy sources (though the cost of converting to them will be enormous), the world's escalating industrial production portends eventual strains on critical natural resources. In the United States, for example, 1972 per capita consumption of material resources included 2750 pounds of forest products, 1200 pounds of iron, 50 pounds of aluminium, 25 pounds of copper, and 15 pounds of zinc. The U.S. government estimates that the country's projected population of 300 million in 2000 (compared to 210 million in 1972) will be consuming these materials at a per capita rate of 5000 pounds of forest products, 1600 pounds of iron, 200 pounds of aluminium, 67 pounds of copper, and 23 pounds of zinc (Leiss 1976:ix). As William Leiss has observed (ibid.:6), the assumption of perpetual increases in developed countries' resource-consumption is fraught with profound implications for the Third World:

> Suppose that these [U.S.] consumers have reached an amicable understanding among themselves for sharing out this cornucopia, what will be the lot of their relations dwelling elsewhere on the globe, who are expected to number seven billion by that time [2000]? What prodigies of technological ingenuity and social organization would be required were all of them to stem the bourgeoning tide of their wants in the same manner? And if the great majority are not to be permitted to do so, what devices of force and cajolery will enable those 300 million to revel undisturbed in this immense heap of 'goods'?[4]

While such global challenges are as yet hardly acknowledged, let alone considered important, by many observers in advanced capitalist societies (a view undoubtedly not shared by Third World observers), the fiscal strains generated by escalating technology are gradually gaining wider recognition as a systemic challenge of historic proportions. Exemplified by the rapid increase in individual expenditure items such as research and development, the dimensions of the increases in overall investment capital needed to actually implement new technology industrially are rapidly assuming a priority status on the agenda of state policymakers. Typical of this new concern was a 1976 statement on resource-industry financing by United States Ambassador to Canada (now Ambassador to the European Economic Community) Thomas O. Enders:

> . . . There are few subjects more controversial than the future of raw-material supplies, particulary non-renewable ones. There are those who insist that the world is approaching the limits of growth, that scarcity will dominate, that raw materials will get progressively more expensive relative to everything else . . . Frankly, nobody knows the answer . . . But some things can be said: One is that new commodity development in your country and mine will be enormously capital-intensive. Even in well-established industries like nickel and iron, new capacity requires several times as much investment for each unit of output as 10 years ago. For new industries, like deep sea-bed mining, oil shale and oil sands, the multiples are bigger. The question is: how is capital on this scale going to be raised?

Charles Levinson, Secretary General of the International Federation of Chemical, Energy and General Workers' Unions, has suggested (1978: 38–40) that an immediate consequence of the emerging capital crisis is the draining of capital from national to multinational sectors of the capitalist economy:

> Our time of recurrent crises is the consequence of a two-tier economic system of interrelated and interconnected but functionally and organically distinct parts. One is the new integrated global economy of the multinational enterprises. The other is the traditional separate and competing economy of the nation states . . . The crisis is occurring in the low-tier national sectors, where serious, persistent unemployment, inflation, and monetary crises are taking place. When a national currency is in trouble as a result of trade deficits, inflation, etc. the multinationals merely switch (through their banks) into other currencies to protect assets or make speculative gains. They thus aggravate the difficulties of the national economy which they created in the first place. A major cause of the different forms of this in the national sectors is precisely the accelerating growth and expansion of the global sector, stimulated and fuelled by the pumping of increasingly large volumes of capital from the national sectors to the integrated global system . . . The objective of the major multinationals is . . . the generation of capital with which to grow and extend their power. The oil industry's projected capital needs for the decade are nearly six times its investments in the 1960s. Capital investments for the 1970's of the chemical and plastic industry (which, together with petroleum, will account for 50 percent of all industrial investment by 1985) are projected at triple and quadruple their investments of the 1960's. These industries, like the others of the global economy, are the science-oriented, technology-based with burgeoning needs for capital . . . Their monies are managed within a system of tax havens and shelters scattered around the globe . . . which has shattered national monetary and credit controls . . . It is this vast uncontrolled private Euro-capital system . . . which is draining critically needed capital out of the national sectors and creating credit scarcities and national under-investment.

However, the emerging evidence would suggest that the Levinson perspective, while providing insights into the relative strengths of the multinational and national sectors, understates the magnitude of the capital crisis to the extent that it implies the multinationals are immune from the crisis. In light of the open-ended nature of the dynamics underlying industry's spiralling capital-intensity, and given the ultimate limitation of stagnant national sectors as sources of transfer-capital, the multinational sector would appear to be facing the same systemic constraints as the national "tier"—the difference being one of timing. The crisis is materializing for national sectors now, whereas the more flexible multinational sector can stave off such constraints for some time yet. But, as will be documented in the course of this study, the multinational sector itself is increasingly manifesting through its various spokesmen an awareness that it too must confront the capital crisis—a crisis whose universality and urgency are rendering the national-multinational sectorial differentiation a mere nuance by comparison. (Interestingly, the American financial publication *Business Week* warned in its 16 October 1978 special issue on the capital crisis that only a few "top tier" companies with cash reserves over $2 billion—IBM, Exxon, General Motors, Ford Motor, and General Electric—would enjoy even temporary insulation from borrowing pressures engendered by the crisis.)

While debate continues over the exact dimensions of rising investment needs, there is general agreement that the amounts are astronomical. For example, in 1975 Data Resources Inc. estimated investment capital needs for the following decade in the U.S. alone—both multinational and national sectors—at $1.9 trillion (as opposed to $670 billion for the preceding decade) while the New York Stock Exchange predicted U.S. capital needs for the same period will rise to $2.6 trillion (*Business Week*, 22 Sept. 1975). Similarly, U.S. Secretary of the Treasury William E. Simon warned Congress in 1975 that the United States economy could face an investment *shortfall* during this period of as much as $2.5 trillion. Though Simon's calculations are suspect in light of some dubious trend-projections from pre-inflated to inflated dollars, even the most trenchant critiques of his estimates imply a possible shortfall of at least $250 billion (Harrington 1978: 153—4).

One difficulty in predicting future capital shortages with exactitude was outlined by *Business Week* (Sept. 1975):

> Difficulties with the definition of the capital gap exist because there is a sense in which there is *always* a capital gap . . . since human wants are insatiable. Any company that turns its engineers loose can always make a list of capital projects that it would like to complete that stretches from the earth to the moon. And so can any unit of government or any individual. Indeed, in its study of the capital gap that came up with a $650-billion capital shortage for the next ten years, the New York Stock Exchange came perilously close to this. The exchange's research department, in effect, estimated the capital needs of industries and units of government without analyzing whether the needs are realistic in the framework of the overall economy. As a consequence, the exchange left itself open to ridicule from many economists . . .

Emphasizing the need to gauge the dimensions of the capital crisis in relation *only* to capitalism's "commonly accepted goals", *Business Week* arrived at the following conservative estimate:

> The amount of capital that the U.S. needs if it is to move back to its historic growth rate of 4 percent a year and stay there is enormous by any measure. Between 1955 and 1964, the U.S. economy consumed $760 billion in capital in turning out all the cars and TV sets, in building all the houses and factories and shopping centers that a growing population wanted. Between 1965 and 1974 the nation's consumption of capital doubled to $1.6 trillion. By the best estimates available, the U.S. will need the incredible sum of $4.5 trillion in the next 10 years: capital that, for the most part, will have to come from the savings of the American people and the profits of American business.
>
> Looked at in a slightly different way, the nation's total supply of capital will have to rise at a compound annual rate of 8.7 percent during the next decade, compared to a compound annual rate of 6.7 percent in the past decade.

Another way of measuring the extent of the capital crisis is through calculating capital-intensity as expressed by the real cost of replacing capital equipment. According to this standard, it has been estimated (*Financial Post:* 3 March 1979) in the case of Britain, for example, that while the replacement cost valuation of assets exceeded the historic cost by just over 30 percent in the 1960's, this margin had risen to nearly 150 percent in 1977.

With reference to the Canadian dimensions of the crisis, in March 1977 Donald

Neelands, chairman of Canada Permanent Trust Company, estimated that Canadian capital needs in the decade 1977–87 would be approximately $850 billion, compared to only $220 billion for the previous decade (*Globe and Mail:* 9 March 1977). Further estimating that $550 billion of the 1977–87 total would be needed by the private sector, Neelands noted that capital needs of such magnitude will necessitate a redistribution of the gross national product:

> Faced with such numbers, the obvious question is whether our economy is capable of meeting the challenge. Given that total output is unlikely to grow in direct proportion to this . . . increase in capital expenditures, it is evident that investment spending will form a larger share of GNP. (quoted in ibid.)

Pursuant to this theme, Pemberton Securities president Bob Wyman estimated in October 1978 that Canada's 1977–87 private sector capital needs would actually exceed $600 billion (to put this in some prespective, $26.5 billion were raised in Canadian securities markets in 1977). According to Wyman, meeting this increased investment level will require the volume of new capital raised annually being lifted from the present level of 23 percent of GNP to at least 30 percent (*The Province:* 1 Nov. 1978).

2.2 Wider implications

With regard to some of the wider implications of the capital shortage, *Business Week* warned on 22 September 1975 (with reference to its U.S. projections but in words applicable to the entire community of advanced capitalist societies):

> The obstacles to raising that kind of money . . . and distributing it to where it will be needed [as defined by the dictates of sustaining economic growth in a capitalist context—P.W.] are formidable, perhaps insurmountable. But the social and financial consequences of not generating sufficient savings to provide money on that scale are not pleasant to contemplate. A capital shortage of the magnitude that seems possible would make the U.S. economy a tough place for anyone—individuals and giant corporations alike—to make a living . . . The financial markets would be chronically unable to provide the necessary flows of funds . . . The U.S. economy would suffer from both chronic shortages of goods and from continued high inflation . . . The business cycle profile would consist of short, feeble recoveries quickly aborted . . . The corporate structure of the U.S. would begin to resemble Japan's zaibatsu economy as strong companies gobble weak companies at an accelerating pace . . . *Social unrest and class conflict would be endemic because income gains would be thin to nonexistent.* [emphasis added]

Sounding a note of alarm not customarily associated with the economic forecasts of one of Wall Street's most prestigious journals, *Business Week's* 22 September 1975 commentary warned that studies minimizing the prospects of a severe capital crisis "are based on what could well turn out to be utopian assumptions" and that "it is indeed naive to imagine that the capitalist-mixed economy can long survive a capital crisis."

Internationally, the emerging capital crisis is already having important conse-

quences. In the first place, the search for increased sales as a means of sustaining investments and profits has led Western industrialists to support formulas of East-West détente which would open up access to the vast markets of Eastern Europe and, more recently, China; one observer estimates that the percentage of Western commerce furnished by East-West cooperation has risen from 1.5—2.0 percent in 1973 to 9—10 percent in 1979 (Stewart 1978: 35). This process, which has already seen Soviet markets tapped by a wide variety of corporations ranging from Fiat to Pepsi-Cola (the latter's access to the Soviet Union was negotiated in the mid-1960's by then-lawyer Richard Nixon), has been more recently manifested by a spectacular expansion of American-European-Japanese corporate activity in technology-hungry China—which in the last two years has signed more than $30 billion in orders for industrial equipment and installations (Colletti 1979).

Some observers posit that détente is also economically functional in terms of sustaining the West's vast armaments industry, i.e. that by stabilizing East-West relations à la SALT II at a level avoiding nuclear Armageddon yet retaining sufficient tensions so as to continually encourage arms expenditures, the armaments industry can continue to play its historically central role in the world economy.[5] Whether intended or not as a policy goal, such an effect is of not inconsiderable importance to Canada, whose armaments industry is effectively integrated with that of the U.S. under terms of the Defense Production Sharing Agreement (see Warnock 1970). In addition, it has been suggested that détente's business supporters are also attracted by the commercial opportunities offered by operating factories with workers in socialist countries:

> International capital transcends the limitations of political boundaries in taking advantage of worldwide circumstances favourable for the production of surplus value of which cheap and well-disciplined labour tops the list. (The process is also being conducted on the national scale through the movement of capital to the southern United States.) . . . The concrete economic situation upon which political détente is operating is that the Communist states have developed a great mass of cheap, well-disciplined, and skilled labour . . . [lacking] organizations, political or economic, which could assert their interests. (Reimer 1978:29—31)

While the development of East-West commerce is widely touted as a partial answer to the capital crisis, its financing also risks aggravating strains on Western investment capital; in the case of China, for example, Bank of America president Aldon W. Clausen predicts that that country's industrialization program will cost as much as $600 billion, and is has been estimated $250 billion of this amount will have to come from external financing (Colletti 1979). In the longer-term, moreover, there is the ultimate commercial challenge with its attendant technology-escalating implications that will be posed when a fully-industrialized China is able to fully compete in the world economic arena.

A second major international consequence of the capital crisis has been its impact on the Third World. One aspect of this impact has been the détente-

paralleling decision by many Western corporations to benefit from the Third World's cheap-labour conditions by transferring labour-intensive components of manufacturing operations there from the metropolitan base. This phenomenon embraces both highly labour-intensive industries—baseball manufacturing, for example, is now largely done in Haiti, where an unemployment rate of over 50 percent and widespread poverty provide an abundance of workers willing to hand-stitch the balls for a dollar a day (Maclean 1979)—and more technologically-based industries such as radio-manufacturing, where prefabricated parts are shipped from North America to "off-shore" cheap-labour assembly points such as Mexico. Increasingly, such transfers have drawn criticism from metropolitan trade unions, particulary the AFL-CIO in the United States, for being both a source of unemployment in developed economies and an instrumentality of continuing exploitation of Third World workers.

Another aspect of the impact of the capital crisis on the Third World has been increased concern by Western industrialized states with achieving wider access to—and securing the supply of—raw materials. In response, a growing perception by Third World regimes of the advanced capitalist world's vulnerability to raw material suppliers has lent impetus to the formation of a petroleum-supplier cartel—the Organization of Petroleum-Exporting Countries (OPEC)—and discussion of parallel organizations for certain other strategic minerals. OPEC has in turn been able to obtain major price increases, thereby injecting new inflationary impulses into the world economy. The response of Western industrialized states to OPEC's forcefulness has been fragmented and tentative thus far, essentially combining calls for increasing self-sufficiency in resource-supplies where possible with threats of reciprocal pressures on the Third World. With regard to such pressures, discussion has included reference to the possibility of using wheat-exports to the Third World as a bargaining lever as well as mention of the option of military intervention to ensure continuity in strategic resource-supplies. (In this latter connection, U.S. Secretary of Defense Harold Brown indicated in early 1979 that American armed forces were developing a mobile strike-force capable of intervening in the Middle East to preserve petroleum outflows.)

In terms of global trade patterns, the capital crisis has generated contradictory tendencies. On the one hand, the general pressures from advanced industrial economies for wider markets and raw-material access produced a further cutting of tariffs in mid-1979 revisions of the General Agreement on Tariffs and Trade (GATT). On the other hand, what Bank of America president Aldon W. Clausen has termed a "serious drift toward protectionism internationally" (quoted in Colletti 1979) has been generated by both business and labour in certain competition-beleaguered industries. For example, there have been joint management-AFL-CIO calls for higher tariffs to protect sales and jobs in the outmoded, capital-short U.S. steel industry—as well as more general U.S. corporate warnings of possible protective restrictions on foreign imports should the GATT revisions prove inadequate to the task of reducing such imbalances as Japan's

1978 surplus in trade account of $11.6 billion with the U.S. (Okita 1979:1092).

Reflecting concern that capital-investment pressures are posing particular threats to the ability of America's most capital-intensive industries to compete with Japan, a U.S. House of Representatives Subcommittee on Trade Report issued in January 1979 warned:

> If Americans perceive that our strongest industries—computers, aircraft, advanced electronics, etc.—are being overtaken unfairly, the domestic political reaction is likely to be strong . . . We believe that the Japanese threat in these high technology areas may soon become the most explosive economic issue between our two nations. (quoted in loc. cit.)

Protectionist possibilities have also been implied by various musings in certain corporate and political circles in Japan and the United States as to possible geopolitical realignments which might at some point in the future offer more secure market- and resource-access. Thus, for example, some Japanese observers greeted the signing of the 12 August 1978 Sino-Japanese Treaty of Perpetual Peace and Friendship as a prelude to an eventual new Asian commercial bloc; similarly, California Governor Jerry Brown and Republican presidential aspirant John Connally advocate a North American energy-and-trade bloc embracing Canada and Mexico.

Over the long term, the accelerating effect of the capital crisis upon capitalism's quest for ever-larger markets and resource-supplies is hastening eventual confrontations with such basic planetary limitations as the earth's finite supply of key mineral and other natural resources. (An oft-overlooked aspect of resource depletion is the mounting destruction of the world's forests, with over 11 million hectares of forest—equivalent to the size of England—being deforested annually, resulting in steady worldwide increases in wood-product prices as well as a heightening of various long-term "biosphere" stresses.) (Tucker 1979) Among the starkest of these environmental constraints is the obstacle to never-ending economic growth posed by the limited absorptive capacitites of the natural environment. As Heilbroner (1976:102–3) has observed.

> We are leaving a historic epoch in which the expansive drive of capitalism could be accommodated by an indefinitely rich and vast environment and entering an epoch in which that drive must be blunted and ultimately stopped by the intractable obstacles of nature . . . Basically the challenge arises because . . . capitalist expansion is an *exponential* process—a process that proceeds like a snowball, requiring continuously increasing quantities of resources and spewing forth continuously increasing quantities of wastes . . . No social processes of an exponential character are capable of indefinite continuance. Sooner or later all such processes must overload their environment, consuming all its nutrients or poisoning it by the waste products associated with growth.

Emerging data would indicate that even if societies could somehow muster the astronomical amounts of capital needed to finance total industrial conversions to renewable, non-polluting types of energy as well as acquisition of new mineral stocks from the ocean floors (and possibly outer space) and elimination of all

forms of pollution, an irrevocable barrier to endless industrial growth would remain in the form of the earth's limited capacity to absorb heat. The crucial factor in this connection is that the expending of energy—regardless of its type or source—involves the emission of heat, and that while present man-made heat emissions add only 1/15000 of the earth's absorbed natural solar flux, the maintenance of post-World War II energy-use increase-rates could bring the world to the threshhold of cataclysmic, extinction-threatening climatic changes within as little as 150 years—an estimate which does not take into account the increased heat emissions which would come through general industrialization of the Third World (Ayres and Kneese 1972:16; Heilbroner 1975:50—55). Finally, projections of never-ending exponential growth in industrial production overlook an ultimate market limitation: the finite supply of human consumers.

2.3 Immediate implications

Of all the implications of the capital crisis, however, the most pertinent to the focus of this study concern the more short-term consequences of escalating capital-intensity now unfolding throughout the advanced capitalist world. In the first place, the private sector's rising capital costs force it to steadily raise the prices of its products and services, thereby generating a permanent inflation in addition to and quite distinct from the traditional cyclical inflation analyzed by Keynesian theory (see Gonick 1975, Mandel 1975a, Robinson 1978). With this steadily multiplying inflationary component, the overall rise of inflation has injected a major stress factor into the structure of Western economies. In the case of Canada, this has meant an increase in the average annual increase in the consumer price index from 1.4 percent a year in the period 1952—65 to 9 percent a year in the period 1973—78, with the prospect of double-digit inflation by the 1980's (portending such a future, the U.S. annual inflation rate was exceeding 13 percent by mid-1979).

A second effect of the capital crisis has manifested itself in the growing attempts of producers to at least partially offset rising capital costs by cutting labour costs. Efforts in this vein encompass a myriad of strategies including attempts to depress wage-claims through threats to transfer production to offshore cheap-labour points to reducing those labour costs related to safety and health conditions in the workplace. Attempts in this latter connection are especially well-documented in the case of the United States, whose National Institute for Occupational Safety and Health estimated in 1978 that 90 percent of American workers lack protection from exposure to one or more common physical or chemical hazards (Wallick 1978:160). When U.S. Secretary of Health, Education and Welfare Joseph Califano warned in September 1978 that at least 20 percent of future U.S. cancer cases will be work-related, the business-sponsored American Industrial Health Council responded that "there is no cancer epidemic as implied"

and that "socially acceptable risk is the only practical answer to dealing with this problem" (quoted in McCarthy 1978).

Such sentiments, coupled with industry warnings about the inordinate capital costs of upgrading health standards (an AFL-CIO study of management claims in the vinyl chloride industry show an industry exaggeration of such costs by a factor of 200 times) and mobilized in a massive corporate lobbying of Congress, proved instrumental in leading the U.S. Senate in late 1978 to extampt ten million U.S. workers in small business from coverage under the Occupational Safety and Health Act (Wallick 1978:159–160). Fearing a parallel deterioration of industrial health safeguards in Canada, the Canadian Labour Congress has recently denounced moves by the federal labour department to eliminate government inspection of federal health and safety regulation-compliance and instead rely on employer self-inspection (Rabinovitch 1979:11). Conceptually, such moves in Canada and the United States may also be viewed as part of a wider context of mounting commercial opposition to "diversions" of capital to anti-pollution and other environment-related expenditures.

Producer attempts to cut labour costs are also reflected in a growing tendency to displace human labour-power with technology. Referring to the concomitant danger of rising unemployment, a 1979 report of the multinational-corporate-dominated Trilateral Commission warned:

> The problem of unemployment may be much more intractable in the future, since there is growing evidence that technological development will be far less labour-intensive. It will then be possible to secure large increases in manufacturing output with a falling labour force. If it is not possible to create the appropriate number of new jobs in the tertiary sector, it is likely that all industrially-advanced economies will feel an acute problem of endemic unemployment in the period ahead. (Roberts et al. 1979:50)

Voicing a similar apprehension, Australian Confederation of Trade Unions president Robert Hawke (1978:2) declared in an address to the Socialist International in Vancouver that "the evidence now does not confidently sustain the old easy assumption that new technology is automatically compensatory in nature—that old jobs destroyed are replaced by new jobs created."

Some measure of the depth of technological unemployment can be gauged by data from Britain, where, for example, employment in the coal industry plummetted from 700,000 in 1947 to 240,000 in 1977; a Bradford University report suggests similar trends throughout the 25-million-job British economy, estimating that new technology will eliminate 12 million jobs by the year 2000 (*Columbian:* 16 Feb. 1979). Canadian trends are congruent with such projections: in manufacturing, for instance, Canadian output more than doubled between 1961 and 1976 while manufacturing employment grew only by 28 percent; similar increases in mining and construction output were achieved with only 18 percent and 14 percent more workers respectively, and trade-sector data show that increased sales volumes are being effected with a less-than-commensurate growth in sales jobs (Gonick 1978:143).

The rapid acceleration in science's refinement of human-replacing technology combined with industry's intensifying drive for efficiency would indicate that the Trilateral Commission's predictions of increasing technological unemployment have substantial credibility. Preliminary reactions to this prospect have included proposals for sharing out remaining employment opportunities through a reduced work week and an implicit warning from the Trilateral Commission (Roberts et al. 1979:50–51) that business will use the creation of new employment as a lever against wage demands and even the collective bargaining process itself. Hence the Commission's warning that while "modern technological developments also create . . . employment . . . the real danger is that governments will be unable to generate a sufficiently expanding demand for labour because of the fear that the collective bargaining process will lead to massive increases in wages and prices."[6]

This latter point is clearly crucial for a sociological assessment of that large segment of the labour force whose jobs are not displaced by technology, for the growing pressure on business to take a tougher line on labour costs as a means of lightening increasingly-burdensome re-investment costs suggests a gradual deterioration in the terms of employment—a problem whose sociological implications are as important as (if not necessarily identical to) those of actual unemployment.

Attempts to reduce labour costs through added technology, conjointly with the impact of tightening international competition, have resulted in the phenomenon (unpredicted by orthodox economic theory) of stagflation, i.e. simultaneous increases in unemployment—through lay-offs and reduced hirings—and inflation. The unemployment is accentuated further still by the increased numbers of "second breadwinners" forced to seek jobs as a means of offsetting the rising prices of essential goods and services.

In the case of Canada, unemployment has risen from 1.88 percent of the labour force in 1945–49 to 5.59 percent in 1950–59, 7.2 percent in 1960–69, 7.41 percent in 1970–78, and 7.9 percent as of April 1979 (Campbell 1976:128, Gonick 1978:33, *Canadian Labour:* 10 Aug. 1979). During the same period, inflation has risen significantly. For example, the Consumer Price Index compiled by the federal government (1971=100) has risen from 43.2 in 1945 to 58.1 in 1950, 67.5 in 1955, 74.0 in 1960, 79.5 in 1965, 96.1 in 1970, 132.4 in 1975, 154.0 in 1977, and 189.7 in May 1979 (Canada 1979c).

2.4 Fiscal crisis of the state

A third immediate consequence of the capital crisis has been mounting pressure on governments from the private sector throughout the Western world for capital subsidies. A central state role in capitalist economics is, of course, nothing new, for, as Miliband (1969:10) observes:

. . . Advanced capitalist countries now have an often substantial 'public sector', through which the state owns and administers a wide range of industries and services, mainly but not exclusively of an 'infra-structural' kind, which are of vast importance to their economic life; and the state also plays in all capitalist economies an ever-greater role by way of regulation, control, coordination, 'planning', and so forth.

What is new is that the exigencies of raising new investment capital to finance expanding technology are leading the private sector to seek major increases in the breadth and scale of public sector assistance. A spectacular manifestation of this tendency was the August 1979 request to the U.S. government from Chrysler Corporation for $1 billion aid in tax credits and exemptions from pollutant-emission regulations as a means of sustaining necessary investment and thereby saving the 500,000 jobs generated by Chrysler operations.

Increasingly, refusing to grant such requests is being deemed by Western governments as posing unacceptable risks to society's economic solvency and socio-political stability, and accordingly, though the degree of enthusiasm varies with the ideological complexion of each regime, governments throughout the advanced capitalist world are generally responding favorably with both direct and indirect reallocations of capital from the public sector to the private sector (see Bownick 1975, Mandel 1975a, Quinney 1979). In this connection, it is interesting to note the gap between business rhetoric and reality—a point confirmed by former U.S. Secretary of the Treasury William E. Simon's caustic characterization of corporate recipients of government aid:

And always, such gentlemen proclaimed their devotion to free enterprise and their opposition to the arbitrary intervention into our economic life by the state. Except, of course, for their own case, which was always unique and which was justified by their immense concern for the public interest. (quoted in Galbraith 1978)

The resultant growth of pressures on government finances is in turn contributing to a general phenomenon described by many observers as the "fiscal crisis of the state" (the term first being popularized in O'Connor 1973)—quite simply, the growing gap between government revenues and government expenditures.

The growing technological basis of industrial production also fuels the fiscal crisis of the state through the multitudinous social costs spawned by technology. As Hazel Henderson has noted (1978:84), such costs frequently are not linked to their actual source:

We seem unwilling to come to terms with the fact that each increase in the order of magnitude of technological mastery and managerial control requires and inevitably leads to a concomitant order of magnitude of government coordination and control . . . Because advanced industrial societies develop such unmanageable complexity, they naturally generate a bewildering increase in unanticipated social costs: in human maladjustment, community disruption, and environmental depletion. All these effects of uncoordinated, unplanned activities and suboptimization are called by economists, in almost a Freudian slip, 'externalities'. The cost of cleaning up the mess and caring for the human casualties of unplanned technology—the dropouts, the unskilled, the addicts, or those who just cannot cope with Big Brother bureaucracies—mounts ever higher. The proportion of GNP that

must be spent in mediating conflicts, controlling crime, protecting consumers and the environment, providing ever-more comprehensive bureaucratic coordination, and generally trying to maintain 'social homeostasis' begins to grow exponentially.

It has been suggested that technology's mounting social costs will ultimately turn industrial society into an "entropy state", i.e. a society whose "complexity and interdependence have reached the point where the transaction costs that are generated equal or exceed the society's productive capabilities" (ibid.:83–84). E.F. Schumacher even formulated (1973:35–36) a specific criterion for "optimum" capital-intensity as a means of avoiding entropy:

> I have myself come to the conclusion that the upper limit for the average amount of capital investment *per workplace* is probably given by the annual earnings of an able and ambitious industrial worker. That is to say, if such a man can normally earn, say, $5000 a year, the average cost of establishing his workplace should on no account be in excess of $5000. If the cost is significantly higher, the society in question is likely to run into serious troubles, such as an undue concentration of wealth and power among the privileged few; an increasing problem of 'drop-outs' who cannot be integrated into society and constitute an evergrowing threat; 'structural' unemployment; maldistribution of the population due to excessive urbanization; and general frustration and alienation, with soaring crime rates, and so forth.

As indicated by the widening gap between Schumacher's "optimum" and the level of capital-intensity generated by the dynamics of advanced capitalism, the dominant political and cultural configurations in Western industrialized societies reinforce what Leiss (1976:4) terms the "primary social bond" in those societies, i.e.

> ... the identification of the self-interest of the individual, intent upon maximizing the satisfaction of his needs, with the interest of society as a whole, which is to maximize total productive output. In concrete terms, the well-being of every individual is thought to be identical with the steady rise of the Gross National Product.

Quite apart from the obvious critique of GNP as a meaningful economic, let alone social, indicator—as Henderson (1978:88) points out, the commercial-transaction compilation known as GNP "only measures prices of those goods and services traded on the market, ignores all other valuable production services and amenities ... [and] adds in all social costs as if they were desirable, valuable product [e.g. traffic accidents!]"—the dominance of the "GNP mentality" vis-à-vis non-commercial values deserves sociological scrutiny insofar as it affords insight into the dynamics of rising capital-intensity. In this context, it is especially pertinent to consider Leiss' contention (1976:6–7) that commodity-wants become insatiable to the extent that consumption becomes an end in itself rather than the means to a non-commercial philosophical end, with the resultant frantic consumerism in turn providing a cultural dynamic reinforcing capital-intensity's economic dynamic:

> ... The meaning of what we call the satisfaction of needs will become increasingly ambiguous as the hapless consumer pursues the will-o'-the-wisp of gratification through the

jungle of commodities. There is no apparent end to the escalation of demand and no assurance that a sense of contentment or well-being will be found in the higher reaches of material abundance. The society which promotes the ideal of the high-consumption life-style seems to lack any reliable measure of the impovements in the quality of life that we should expect to result from its expanding productive capacity. The personal objectives sought in the frenetic activity of the marketplace are more and more obscure. Massive capital investments and technological innovations are planned to ensure . . . what we think we need.

Linder (1970:96) contends that the resulting "increased goods intensity" poses increasing burdens of use-time so that, ultimately, even the psycho-ameliorative effect of leisure time is undermined because of the dimishing time-per-object available for consumers to "enjoy" the growing array of consumer goods. Nor are the ramifications of what Hirsch (1976) calls the "social limits to growth" necessarily restricted to selective cultural impacts, for as Hymer (1978:29–30) suggests,

The consumer durables revolution provided most families with a car, a television set, and a refrigerator, but also resulted in overcrowding, pollution, and an energy crisis. The middle-class standard of living, toward which the working-class aspired, is predicated in large part on only a few people having it. When everyone has a car, the result is not freedom to escape from overcrowded cities into the countryside, but a crowded countryside. Similarly, when everybody has access to higher education, its elite qualities and privileges are destroyed, and a college degree no longer means a ticket to the top of the hierarchy, but an upgraded job at the lower level. Thus, many of the promises of capitalistic consumption tend to be illusory, while alienation and exploitation in the work process remain an ever present reality. Therefore, job dissatisfaction and a decreased motivation to work have increased steadily over the last twenty-five years, and resulted in the productivity crisis that is causing so much discussion and concern in business circles.

While the social costs of growth and the widening technology upon which it is based are clearly manifold and for the most part difficult to quantify, the point to be emphasized here is that their impact—multiplying consumer frustration, worker alienation, general social stress, environmental pollution, etc.—has the net effect of obliging governments to steadily increase their social expenditures in an attempt to contain this impact, thereby deepening the fiscal crisis of the state.[7] In analytical terms, this fiscal crisis is perhaps best conceptualized as the fiscal overload resulting from the capitalist state's attempt, in the worlds of O'Connor (1973:6).

. . . to fulfill two basic and often mutually contradictory functions—*accumulation* and *legitimization*. This means that the state must try to maintain or create the conditions in which profitable capital accumulation is possible. However, the state must also try to maintain or create the conditions for social harmony. A capitalist state that openly uses its coercive forces to help one class accumulate capital at the expense of other classes loses its legitimacy and hence undermines the basis of its loyalty and support. But a state that ignores the necessity of assisting the process of capital accumulation risks drying up the source of its own power, the economy's surplus production capacity and the taxes drawn from this surplus (and other forms of capital).

The attempt to finance the widening accumulation and legitimization expenditures necessitated by the capital-intensity of industry has, not surprisingly, led to a steady rise of overall government expenditures as a percentage of GNP in advanced capitalist societies. In the United States, for example, total government expenditures rose from 7.1 percent in 1913 to 12.4 percent in 1940, 24.6 percent in 1950, and 33.2 percent in 1970, while the corresponding rise in German public-sector expeditures (including National Insurance)—excluding East Germany after 1948—has been from 15.7 percent in 1913 to 37.5 percent in 1950 and 42.5 percent in 1969 (Mandel 1975a:487–8). Calculated as a percentage of national income, government spending in the United States is estimated to have risen from 32 percent of national income in 1957 to 41 percent in 1977 (*Newsweek:* 22 Jan. 1979). While it is not possible to neatly categorize all government expenditures as exclusively accumulation- or legitimization-related (some expenditures may fulfill aspects of both functions) and while accumulation expenditures are sometimes not labelled as such for the sake of political expediency, estimations of the rise in general social-expenditure levels provide additional perspective on the growing force of fiscal pressures on the state:

Table 1. Social service expenditure as percentage of GNP, selected years and countries.

	1913	1932	1938	1949	1954	1960	1965	1970
Australia				7	8	8	8.5	9
Austria				14	17	15.5	17.5	19
Canada		8	7	7	9	9	9.5	13.5
Denmark				9	11	11	12	16.5
Finland				9	10	9	10.5	13
France				13.5	18.5	13	15.5	14.5
Germany[a]	5	23.5	—	17	19	15.5	16.5	17
Netherlands		10.5	8.5	8.5	9.5	11	15.5	20
Norway				8.5	9	9.5	11	15
New Zealand				15	12.5	13	11.5	11.5
Sweden	3.5	9.5	9.5	11.5	11.5	11	13.8	19
UK	4	12.5	11	11	10.5	11	12	14
USA	2	6	6.5	5	5.5	7	7	9.5

[a] after 1945 West Germany.
Source: Therborn, Kjellberg, Marklund and Öhlund 1978:48.

Social service expenditure increases in the 1970's have been rapid; in absolute terms, for example, Dutch social spending in 1978 was double that of 1965, while West German medical insurance costs tripled between 1973 and 1978, and France is experiencing a two-billion-dollar social security budgetary deficit (see Stewart 1977).

State fiscal trends in Canada have been consistent with the general trends in the advanced capitalist world. Under the double pressures of economic-support and

social-service spending, government expenditures have climbed inexorably: per capita federal government spending rose from $41 in 1937 to $169 in 1947, $313 in 1957, $515 in 1967, and $1824 in 1977; per capita provincial government spending in the same period increased from $33 to $1581 (Parliament of Canada: 17 April 1978). Total expenditures of all levels of government in Canada have increased from $14.4 billion in 1964 to $31.4 billion in 1970 and $71.8 billion in 1975 (Canada 1979a:25). Expressed as a percentage of gross national product, total government spending in Canada in the post-World War II period has risen from 23.5 percent in 1951 to 30.8 percent in 1961, 37.4 percent in 1971, and 41.2 percent in 1977 (Gonick 1978:61).

In terms of social spending, Statistics Canada compilations indicate that health and social welfare expenditures by Canada's federal, provincial and municipal governments rose from 28.3 percent of total government spending in 1964 to 35.3 percent in 1975. If education is counted as social spending—though clearly it has an accumulation dimension too—then the 1975 total rises to 52 percent (Canada 1979:25). In absolute terms, the welfare component of this spending rose from $2.6 billion in 1965 to $14.3 billion in 1975 (Stewart 1977:31).

On the economic-support side of the ledger, the expanding role of government is indicated by the fact that between 1950 and 1970 government investment as a proportion of total investment in Canada increased by 20.8 percent while the share invested by private business declined by 3.6 percent (Deaton 1973:32). This investment has gone not only into such traditional infrastructural areas as transportation and utilities but also—and increasingly—directly into private corporations across the industrial spectrum in the form of subsidies, interest-free loans, and tax concessions. Between 1964 and 1972 the federal government alone gave to industry $3.5 billion in grants; in addition, federal tax concessions during the same period netted corporations nearly $7 billion (Lewis 1972:92,111).

Sometimes the aid is given on an industry-wide basis: in February 1979, for instance, the federal government extended $235 million to the pulp and paper industry as a whole. This pattern—which is duplicated at the provincial level—has been expanding steadily, particularly through the device of tax concessions. Another form of state aid to the private sector comes in the form of tax deferrals; in 1975, for example, deferred corporate taxes amounted to $10.2 billion (McDermott 1978:8). An example of the impact of state aid at the level of a particular company is offered by the case of the International Nickel Company (INCO), whose operations in Ontario and Manitoba enjoy provincial sales tax exemptions (netting the company an extra $25 million during 1975–76), rapid tax write-offs on depreciating assets (exempting another $48 million from taxation in 1976), various tax credits on buildings and machinery, a low-interest federal government loan of $70 million to finance expansion of operations in Guatemala, and accumulated deferred taxes totalling $368 million by the end of 1976 (ibid.:9–10).

2.5 Short-term policy responses

Faced with mounting fiscal cross-pressures, the state has reacted in various ways. In the first place, as a result of the decline in corporate tax revenues through corporate tax concessions, Canadian governments have shifted more and more of the tax burden to the only other shoulders remaining: those of the individual citizen.[8] Such a shift is consistent with the general Western trend: in its bi-yearly *Economic Outlook* bulletin of July 1976, the Organization of Economic Cooperation and Development (OECD) warned that investment increases of the magnitude needed by the private sector can be met only through—in the words of *Le Monde's* summary of the OECD report—"an important modification of the internal distribution of income from the earnings of labour to the earnings of capital" (quoted in Frank 1976b:6–7).

In the case of Canada, between 1962 and 1970 alone the corporate share of federal income tax revenue decreased by 38 percent while individuals' share (from personal income tax) rose by 23 percent; the corresponding figures for provincial income tax show there was a 60 percent fall in the corporate share and an 83 percent rise in the individual share (Deaton 1973:39). This trend is further indicated by the fact that, whereas the corporate share of income tax in 1952 was approximately 54 percent compared to the 46 percent paid by individuals, by 1975 the corporate shade had dropped to 30 percent while individuals' share had risen to nearly 70 percent. In terms of the percentage of total federal government revenue paid by corporate and personal income tax, the Canadian Tax Foundation has calculated that between 1961 and 1976 the corporate share declined by 30.8 percent (from 22.7 to 15.7 percent of total revenue) while the personal share increased by 42.6 percent (from 30.5 to 43.5 percent of total revenue). The shift has been even more dramatic at the provincial level, with the corporate share declining during the 1963–1975 period from 9.4 percent to 5.5 percent of total revenue—a 41.5 percent decline—while the personal income tax share of total revenue rose from 8.5 percent to 21.5 percent—a 148.2 percent increase (*Canadian Dimension*, April 1977:8). When all direct corporate taxes and direct personal taxes are considered together, the share of revenue for all levels of government in Canada derived from direct corporate taxes fell by 6.13 percent while the share from direct personal taxes rose by 16.66 percent (Wolfe 1977:275–6).[9]

A second policy option available to the state as a response to its fiscal crisis is to increase the money supply, i.e. print more money. While some governments eschew such an option because of its inflationary implications, such reticence has not been characteristic of Canada, where massive expansions of the money supply have become routine, with the average annual increase of 5.53 percent in the 1960's doubling to 11.16 percent during 1970–75 (in marked contrast with West Germany, for example, where annual increases have been limited to 2–3 percent) (Wolfe 1977:267, McCready 1977:235).

Neither the shifting of tax burdens to the individual nor expansions of the

money-supply have proven sufficient to cover the growing gap between revenue and expenditure, and governments throughout the advanced capitalist world have increasingly pursued a third option: borrowing (both on domestic and foreign money markets). The impetus for borrowing can be gauged by the mounting frequency and size of government deficits. In the United States, the federal government's deficit for fiscal 1978 reached $51 billion, or the equivalent of 2.5 percent of the U.S. gross national product as opposed to the fiscal 1965 deficit's equivalency of 0.2 percent (*Business Week:* 16 Oct. 1978). This general trend is matched by a fiscal deterioration at state and local government levels, where the budgetary balance has shifted from an early-1978 surplus of $7.9 billion to an early-1979 deficit of $6 billion (with a portent of the future being provided by New York State's projected $1.2 billion deficit in fiscal 1982 and New York City's declared bankruptcy) (*Newsweek:* 24 September 1979). In Canada, the piling up of deficits, especially at the federal level, has occurred even more rapidly, with federal budgetary deficits rising from $675 million in 1968–69 to $9.28 billion in 1977–78, $11.37 billion in 1978–79, and a projected $14 billion in 1979–80, with the actual spending deficit for the first quarter of this fiscal year reaching $5.-62 billion–up 26 percent from the same quarter in the preceding year (Wolfe 1977:266; *Columbian:* 9 May 1979; *Sun:* 20 Aug. 1979).

The volume of borrowing generated but such deficits is growing steadily. In the United States, for example, deficit-financing forced the federal government to borrow $33 billion in net new cash in the second half of 1978–a record amount "virtually without historical precedent", according to Salomon Bros. senior economist Henry Kaufman (quoted in *Business Week:* 16 Oct. 1978). At the state and local government levels, the late 1970's have also seen record borrowing, with an estimated $62 billion being borrowed during 1978 alone. With overall government borrowing absorbing 40 percent of total loan funds available in 1978 (as opposed to 12.5 percent in 1974), governments' rising indebtedness–nearly $300 billion state/local and $800 billion federal–has drawn increasing fire from private sector financial commentators.

Such concern is typified by *Business Week*'s pre-recession warning on 16 October 1978 that President Carter's proclaimed intention to achieve a balanced budget by 1981

> . . . assumes that the Carter administration and the Fed [eral Reserve Bank] will be so skillful in the tricky job of managing the economy that there will be no recession between now and 1981. If they err–and history indicates that such error is more likely than not–the economy could slide into a new recession. That would inevitably force the government back to big budget deficits to get the economy moving again, with the entire cycle starting over. Even if all goes well, the debt outstanding will top $900 billion in 1981. A recession would almost certainly give the nation a trillion-dollar national debt, the Treasury another herculean job of borrowing, and the Fed [eral Reserve Bank] an almost impossible job of monetary management.

In Canada, where the federal deficit alone is absorbing more than 20 percent of

capital raised in the country's credit markets (*Financial Post:* 23 June 1979), government indebtness has accelerated rapidly: between 1950 and 1968 the federal government increased its debt by 136 percent, and provincial and municipal governments by 505 percent and 511 percent respectively (Deaton 1973:39). Between 1963 and 1979 federal government indebtedness has more than tripled, with net federal debt amounting to 18.9 percent of GNP in 1978 and a projected 22.2 percent in 1979 (*Columbian:* 20 Feb. 1979). Interest charges in 1979–80 alone on the federal debt total $8.35 billion (or 16 percent of government expenditures, up from 10.8 percent in 1974–75), a sum exceeding the entire federal budget in 1966 (ibid.;Deaton 1973:33). Expressed in per capita terms, net federal debt as of February 1979 amounted to $1680 for each Canadian (an amount actually surpassed by several provincial debts, the highest being Newfoundland's $4500 per capita).

Throughout the Western world, rising rates of borrowing by deficit-pressed governments and capital-hungry private sectors have combined to produce new levels of indebtedness. In the case of Canada, such indebtedness has been aggravated by the country's chronic balance of payments deficits (the origins and implications of this problem will be examined in greater detail in Chapter 3). Only three times since 1952 has Canada's balance of payments been in surplus, and the long-term trend has seen an almost steady widening of deficits–from $1.492 billion in 1974 to $5.285 billion in 1978.

To finance such deficits and at the same time sustain investment–Canadian capital spending in 1979 is expected to rise to $36.5 billion, an increase of 17 percent over 1978 levels (*Financial Post:* 11 Aug. 1979)–has entailed a rapid increase in Canada's foreign borrowing. In 1975 Canada's international borrowing topped the unprecedented sum of $5 billion, one-quarter of the year's world total, making Canada the largest single borrowing country on foreign capital markets (McCready 1977:259). By 1977 one estimate placed Canada's accumulated foreign indebtedness at $100 billion, as compared to $175 billion for the entire Third World (*Sun:* 25 Oct. 1977). Devaluation of the dollar has been of only limited benefit, with increased export price-competitiveness being largely offset by higher prices for imports, and with merchandise-trade surpluses in any case being far too small to offset non-merchandise deficits in such areas as foreign interest and dividend payments and overseas tourist accounts.

While accentuated by the particular characteristics of its economic structure, the basic dynamics underlying Canada's rising indebtedness are found throughout the advanced capitalist world. In the United States, for example, total debt in the economy rose 42 percent–to a total of $3.9 trillion–in the 1975–78 period alone (*Business Week:* 16 Oct. 1978). While the debt mix varies from year to year in response to short-term factors–during the 1975–78 post-recession period, for example, U.S. corporate debt increased by 36 percent, while state/local government debt rose by 33 percent, federal government debt by 47 percent, and consumer installment debt by 49 percent (ibid.)–the long-term U.S. trend is perhaps most

notable in its demonstration of the private sector's steady rise in borrowing as one response to the crisis of escalating capital-intensity. Even before the accelerated borrowing of the late 1970's this tendency was evident: in 1946 private indebtedness constituted the equivalent of 73.6 percent of the U.S. GNP, a proportion which rose to 98.5 percent in 1955, 127.1 percent in 1965, and 140 percent in 1974 (Mandel 1975a:418).

Similar trends are discernible in West Germany, where bank loans to home firms and private persons rose from 63 billion DM to 631 billion DM between 1955 and 1973 (while paper money circulation during this period increased only from 14 billion DM to 47.5 billion DM), in Japan, where bank loans increased from 2,500 billion yen to 39,500 billion yen during 1952–1970 (as against an increase in paper money circulation from 422 billion yen to 5,556 billion yen), and in Belgium, where in the period 1962–71 bank credits to the public sector and private sector doubled and quintupled respectively despite a constant-price increase in GNP of only 55 percent (loc.cit.). Indeed, the expansion of credit to facilitate investment would appear to be the single greatest "funnel" for post-World War II inflationary pressures.

International indebtedness has been further multiplied by the expanded world liquidity which emerged in the aftermath of the first year of OPEC oil price hikes in 1973–74, for as *Business Week* noted on 16 October 1978:

> The main peril for the world economy today is no longer the burden of debt that threatened to crush it when recession hit in 1974. Rather, it is the flood of international liquidity that has—almost unnoticed—funded what has now become a far heavier burden of debt.
>
> The quadrupling of oil prices—created the largest pool of lendable international funds in history. As nation after nation squeezed its people and its industry for more cash to pay [OPEC], a raging torrent of cash flowed out of rich and poor countries alike to create the money pool in the Euro-markets [now also called xeno-markets—P.W.]. Growth in world liquidity has been so strong that $160 billion in Eurocurrencies available to borrowers in 1973 nearly doubled to $310 billion in 1976 and will reach $425 billion by the end of 1978.
>
> The next world recession will catch international borrowers even more extended than they were in 1974—trying to pay off still more debt in the face of sagging world trade. As it is, it will require dramatic gains in trade for nations just to stay current on that debt. Most disturbing is that the cash torrent that permitted countries to survive the oil price increase has also created a built-in international inflation machine that can endanger not merely trade but the whole world economy.

Tensions in the world capitalist economy have also been exacerbated by the dual and increasingly contradictory role of the American dollar as a national currency and an international reserve currency. The latter function's manifold complications are perhaps best gauged by the 451 percent increase in foreign dollar claims between the end of 1969 and mid-1978, and the 512 percent and 985 percent increases in commercial banks' foreign dollar liabilities and international monetary dollar reserves respectively in the 1969–77 period alone (Triffin 1978/79:270). With such an expansion in reserve-currency function occurring in

the context of the dollar's depreciation in the 1970's as the national currency of an economy with mounting balance of payments problems—a depreciation exemplified by a 1970—77 decline of 33 and 42 percent vis-à-vis the yen and DM — the effect has been both destabilizing for international monetary and commercial relations and inflationary for the American economy and thus doubly dysfunctional for the world economy's stability.

Summarizing the headlong rush into debt necessitated by advanced capitalism's accelerating-growth-to-offset-rising-capital-intensity syndrome (and quoting Pittsburgh National Bank vice-president Jerry L. Jordan's graphic likening of open-ended borrowing to "drinking more to postpone a hangover"), *Business Week* concluded its 16 October 1978 assessment of the capital crisis with a concession that the constant creation of credit may succeed only in temporarily postponing the very cataclysm capital-borrowers are seeking to avoid:

> As long as economies and world trade keep growing, the international debt burden will stay manageable. The danger is that the next world recession, whenever it comes, will catch nations even more leveraged . . . That, of course, is the peril for the U.S. as well. As long as monetary and fiscal policies stay as expansive as they have, even today's massive debt burden is bearable. But the same policies that permit so many people to stay so deeply in debt carry the seeds of their own destruction because they breed inflation. At some point the Administration . . . will have to pull in. Then, unless the nation is very lucky indeed, the new debt economy—already more than 50 percent higher than the old [pre-1974] debt economy—could come crashing down.

Chapter 3

Some Canadian variations

3.1 The mercantilist legacy

The capital crisis and concomitant state fiscal crisis facing advanced capitalist societies in general is sharply intensified in the case of Canada as a result of the particular characteristics of the Canadian economy, characteristics which in turn reflect a specific historical context. In this connection, the form of Canadian capitalist development is perhaps best summarized as the product of the historical and geographical juxtaposition in northern North America of the British mercantile-financial entrepreneur and the American industrial-capitalist entrepreneur, the distinction in function of these two segments of the bourgeoisie being defined in the following terms:

> Mercantile-financial entrepreneur [mercantilist]—intermediating flows of goods between producers and consumers (merchant), or of capital between savers and investors (financier).
>
> Industrial-capitalist entrepreneur [industrialist]—creating profitable productive opportunities through various forms of innovative activity, such as discovering a new product, opening markets at home or abroad through export of goods or of industrial capacity, or reorganizing industrial capacity. (Naylor 1973:3)

From the fall of New France (Quebec) until the mid-1840's, British mercantile colonialism—characterized by short-term, low-risk investment in staple extraction—was unchallenged in its control and shaping of Canada's economy. Any emergence of industrial capitalism in Canada was seen only as a competitive threat to Britain's industrial wealth, and accordingly bans on the export of manufactured machines and the emigration of skilled artisans to Canada were maintained. One consequence of this enforced underdevelopment in the context of a growing population was that by the opening decades of the nineteenth century significant emigration from Canada to the United States was under way. In 1837–38 discontent with mercantilism's economic and political constraints led to armed uprisings in Quebec and Ontario under the leadership of elements of the local petite bourgeoisie (Ryerson 1968). The rebels were quickly crushed, but the respite for mercantilism was brief. By the late 1840's, the shift in the balance of power in Britain itself from merchant circles to the new industrial capitalists and the formal abandonment of mercantilism as the cornerstone of British global strategy (exemplified by repeal of the Corn Laws in 1846) had thrown Canada's business community into total disarray. Some of Montreal's leading English mer-

cantilists even began to advocate annexation to the United States.

However, the more general reaction of Canadian commerce was to opt for "reciprocity" with the U.S., i.e. a type of trade agreement whereby Canada's raw materials and America's manufactured products would be granted reciprocal terms of entry at lower tariff rates in each other's country. Britain, now eager to have her colonies paying more of their administrative and defense expenses, backed the plan, and in 1854 a Reciprocity Treaty was signed with the U.S. A long-delayed railway construction program financed by Anglo-Canadian mercantile capital had meanwhile produced a small boom in Canada, but soaring construction expenses stemming from corruption quickly mired the new railroads in debt (Myers 1972), and in 1857 Canada's internally self-governing government—composed largely of local railway investors—moved to cover the debts by raising the tariff on U.S. goods as a means of generating revenue.

Washington's displeasure at this move was soon compounded by its anger at the openness of Anglo-Canadian support for the southern states' secession movement. (Canada's merchants had hoped that breakup of the U.S. would lead to the St.Lawrence River route becoming the major entrepôt route to the American northwest and thereby to great prosperity for Canada in general and its railways in particular.) In 1866 the U.S. abrogated the Reciprocity Treaty, and Canada's mercantilists—now debt-ridden—were once more left to fend for themselves.

By this same period, the balance of British economic power was beginning to shift again, this time away from an industrial capitalism already faltering under the double burden of rising foreign industrial competition and insufficient capital inflow (overseas investments now offering far greater profit returns) and towards finance-capital. The origins of this new locus of power lay in the growing international utilization of British mercantile facilities, and its implications for Canadian development were important:

> Because of British supremacy in trade and shipping, world trade was increasingly conducted in sterling, the 'key currency' during the heyday of the gold standard. Other countries began keeping their international reserves in short-term, interest-bearing deposits in British banks which could then channel off the funds into lucrative long-term portfolio investments abroad, the British banking system earning an interest rate differential . . . During the last third of the nineteenth and first third of the twentieth centuries, portfolio flows from Britain to the old colonies and semi-colonies occurred on an enormous scale. Investors who put their money into foreign countries sought to use the resources of government to minimize the risk. For unlike trade, where all that was needed was the securing of a single payment for goods exchange, with the rise of finance capital the risks to the metropole increased. It was now a matter of ensuring an uninterrupted flow of interest payments back from the hinterland to the metropole . . . Like merchant capital, finance capital is a low-risk type of venture; but unlike merchant capital, it is long-term. British portfolio investors [therefore] looked for the most stable form of bulk investments, such as government bonds and railways . . . A strong state structure in the hinterland to defend the loans was essential . . . (Naylor 1972:12–13)

The basis of mercantilism is mediation of trade, but by 1866 Canadian mercantilists had little trade to meditate: Britain was still wed to free-trade doctrine and

consequently refused to encourage Anglo-Canadian trade with preferential tariffs, and the United States had abrogated reciprocity. A substitute trade pattern had to be found if heavy railway and colonial government bond debts were ever to be paid off, let alone any future profits made. On this point Canadian mercantilist debtors and British financial creditors were agreed. After intensive consultations between these two groups and the British government, a decision was reached: Canada, which until then consisted only of Ontario and Quebec, would be given the rest of British North America and encouraged to develop an east-west commerce in the northern half of the continent. The step was formalized on 1 July 1867 with the granting of political independence to the enlarged Canada (although by mutual consent Britain continued to conduct Canada's foreign affairs—a state of affairs which lasted until World War I). The point to be noted here is that Canadian independence was not the result of any thrust by an emerging national bourgeoisie to obtain an adequate base for dynamic self-directed industrial growth. It was simply an instrumentality to facilitate British-financed Canadian mercantilists' control of a potentially profitable entrepôt trade by political amalgamation.

From the 1870's through World War I, Canada's economy was shaped by the so-called National Policy, i.e. the expansion of railways to the West, a concerted effect to develop the western wheat staple for export, and a high industrial tariff designed to attract branch plants of foreign manufacturers into Ontario. According to this plan, the railroads would carry finished goods west and wheat east, with all heavy risks to railway investors being covered by government monopoly concessions (which in turn would enable high freight rates), bond guarantees, and massive land grants to the railway companies.

The arrangement did in fact prove to be highly lucrative to its Anglo-Canadian backers. One indication of this is that by 1913, 14 percent of all British foreign capital was invested in Canada, a far heavier per capita concentration than the 20 percent invested in the U.S. and Latin America each (Levitt 1971:61). For the country as a whole, the National Policy produced substantial growth, but growth which served only to sharpen the structural weaknesses in the country's economy by discouraging indigenous industrial entrepreneurs:

> Given that the National Policy was explicitly intended to attract foreign capitalists, it cannot be analyzed with the conventional liberal economists' tools . . . Preventing competition is what industrial protection is all about, and this is not what the National Policy tariff was intended to do. Not only was there little industry to protect, but the very consequence of the tariff was the antithesis of protection . . . The dominance of merchant capital means the draining off of funds into mercantile pursuits and away from industry. Together with the tariff, the result is the stultification of indigenous industrial capital. In previously open sectors where no industry existed, the future potential of the local industrialist is reduced by the establishment of foreign branch plants. In cases where domestic industry does coexist with imports, the tariff-induced branch plants increase competition and reduce the prices at which the merchant class can purchase output for their intermediary activity. (Naylor 1972:20)

By thus strenghening the predominance of merchant capital over industrial capital, the National Policy also spurred greater emphasis on staple extraction:

> Industrial capital needs cheap raw materials, easy credit conditions, and low transport costs; merchant capital relies on regional scarcities of raw materials and goods to obtain high prices extracted through credit costs, transportation rates, and merchandise mark-up. Merchant capital, typified by a low rate of fixed to circulatory capital, also needs rapid turnover, and cannot undertake long-term risky investment. It is, therefore, oriented towards abetting the quick extraction of staple output, rather than industrial processing. (ibid.:21)

3.2 The rise of American ownership

As the great bulk of British investment in Canada throughout the pre-World War I period (both merchant capital and finance capital) consisted of loans, the theoretical possibility of a truly independent national bourgeoisie evolving in Canada remained intact. However, the rapid worldwide decline of British finance capital's liquidity following World War I, coupled with the rise to global pre-eminence of the U.S. economy and a consequent surge of American investment in Canada, quickly reduced the country to a new and deeper dependency. Encouraging the growth of U.S. investment in Canada was the establishment of an Imperial preferential tariff for the British dominions, whereby Canadian products received privileged access to the British market. Largely in reflection of an effort to take advantage of this market, the number of U.S. branch plants in Canada tripled between 1913 and 1934 (ibid.:32). Overall U.S. investment, which had amounted to 15.5 percent of total foreign investment in Canada in 1900 and 21.5 percent in 1913, constituted 53 percent of foreign investment by 1926 (Levitt 1971:66).

Furthermore, in contrast with the pattern of British investment, American capital flowed to industrial rather than mercantile sectors, and more often than not took the form of direct investment, i.e. acquisition of equity. The general rise of direct investment (overwhelmingly from the U.S.) as a percentage of total foreign investment was steady: 7.5 percent in 1867, 18.5 percent in 1900, 20 percent in 1913, and 30 percent in 1926 (loc.cit.). By the latter year U.S. control of Canada's manufacturing and mining industries amounted to 30 percent and 32 percent respectively (the corresponding figures for foreign ownership as a whole being 35 and 38 percent). The depression of the 1930's and World War II both slowed the overall rate of foreign penetration, but large-scale liquidation by British investors of their investments in Canada—a process which, with the accumulating interest charges, claimed as much as 25 percent annually of Canada's export earnings at various points in the 1930's—had the effect of consolidating U.S. proportional influence: by 1946, the U.S. share of foreign investment in Canada had reached 72 percent (ibid.:52, 61, 68).

In retrospect, World War II and the immediate postwar period can be seen to have presented the Canadian bourgeoisie with its last historical opportunity to develop along independent national-bourgeois lines. Foreign ownership in all industrial sectors was still below 50 percent, and Canada's war-stimulated economic development had provided the country's manufacturing sector with sophisticated new technological capabilities. In addition, the country's chronic position as an importer of capital (during the period 1909–1913 net capital imports reached a peak of $42 per capita) had at last been reversed, with the average annual net *export* of capital between 1946 and 1950 amounting to $8 per capita (ibid.:62–63). By 1949 Canada's balance of international indebtedness as a percentage of GNP in fact reached a twentieth-century low (Naylor 1972:30).

Within the following quarter-century this opportunity for autonomous capitalist development was irretrievably lost through the pursuit of Canada's traditionally mercantilist, "middle-man" policies–policies, as Panitch (1977:17) has observed, "without discrimination with regard to the origin or nature of the investment". Given the nature of the foreign investment attracted by such policies–over 80 percent U.S.-controlled and 60 percent direct-investment in composition (Ellinger and Rowntree 1973:149)–the result has been an effective loss of Canadian control of the Canadian economy's "commanding heights". By the end of 1973, foreign ownership of Canadian industry amounted to 59 percent of all manufacturing, 96 percent of automotive manufacturing, 98 percent of rubber production, 86 percent of chemical production, 73 percent of electrical-apparatus production, 76 percent of petroleum and natural gas, and 57 percent of mining (Gordon 1978:35). By that same year, according to one estimate, 75 percent of Canada's GNP was being generated within foreign-owned–which means, for the most part, U.S.-owned–firms (J.& R. Laxer 1973:350). According to a 16 June 1979 *Financial Post* analysis, foreign owners own 50 percent or more of 65 of the Canadian private sector's top 100 industrial corporations (ranked in terms of 1978–79 sales volume), with significant minority shares in several of the rest. A notable feature of this (continuing) postwar consolidation of American control is that it has been accomplished increasingly with Canadian funds. The bulk of these funds consists of retained earnings and depreciation allowances, though be the early 1960's it had become clear that a growing proportion of the capital is also being derived from Canadian financial institutions:

Table 2. Sources of funds of direct U.S. investments in Canadian manufacturing, mining, and petroleum, by percentage.

	1957	1958	1959	1960	1961	1962	1963	1964
Funds from U.S.	26	25	20	21	13	10	8	5
Reinvested profit	35	32	39	45	41	43	45	49
Depreciation	26	30	30	35	34	32	33	30
Funds from Canada	13	14	11	–1	12	15	14	17

Source: Levitt 1971:155.

As a result of this Canadian-financed expansion of U.S. firms in Canada, the outflow of profits from Canada to the U.S. has increased steadily—from $293 million in 1955 to $362 million in 1960, to $703 million in 1965, and to $762 million in 1969 (FTQ 1972:255). By the 1960's overall U.S.-Canadian capital flows had in fact reversed themselves: the net inflow of U.S. direct investment into Canada of $1,208 million in the 1950's was transformed into a net outflow of capital from Canada to the U.S. amounting to $1,744 million during the period 1960–67, an outflow which grew to $6,588 million during 1968–75 (Wolfe 1977:280). Another reflection of the "maturing" of foreign investments in Canada is the accelerating national deficit in dividend and interest payments, i.e. the difference between such payments by Canadians to foreigners and the payments received by Canada from abroad: this deficit amounted to $3.5 billion in 1977, and increased to $4.3 billion in 1978 (*Columbian:* 8 March 1979).

In keeping with its mercantilist orientation, the Canadian bourgeoisie has been concerned only to maintain control—successfully, to date—of such traditional "middle man" preserves as banking, insurance, and transportation. (In this connection it should be noted that many of the large "Canadian" corporations in other sectors, e.g. Alcan Aluminium Ltd., although headquartered in Canada, are in fact controlled by American and other foreign stockholders.) With their mediating capability thus retained, Canada's mercantilists, far from seeking to mobilize domestic savings to counter foreign takeover of the economy's dynamic sectors, have actually discouraged independent domestic entrepreneurship. This latter situation was referred to in the 1964 investigatory report of the Royal Commission on Banking and Finance, which noted that small Canadian-owned firms consistently have more difficulty in obtaining long-term finance than do correspondingly-sized subsidiaries of U.S. corporations (Levitt 1971:141).

That abundant Canadian capital should fail to finance Canadian-owned industry can be traced to at least two inter-related factors. First, the rise of foreign ownership in Canada's economy, in conjunction with the American corporate preference for wholly-owned subsidiaries as a guarantee of non-interference in parent corporations' global strategies, has simply shut out Canadian capital from an increasing number of the most lucrative domestic investment opportunities. Secondly, the very structure of mercantilism has militated against the emergence of national industrial entrepreneurship:

> . . . The process of penetration by direct investment has been aided considerably by the legacy of merchant capital, an overdeveloped transportation and financial infrastructure which drains funds away from industry. The tightly cartelized banking system cannot provide long-term risk capital, but is concerned primarily with liquidity. Life insurance companies prefer fixed interest securities and government bonds and mortgages, and invest only in gilt-edged securities, which naturally are those of big established American concerns. In fact, the Canadian Insurance Company Act operative prior to the Second World War required that common stock investments be limited to shares presenting a continuous dividend record for seven years preceding the date of purchase. These factors, together with the reluctance of American firms to issue minority shares in their sub-

sidiaries, twist the Canadian capital market so that Canadian capital continues to flow into utilities, agriculture, housing, merchandising, and government bonds, thus robbing industry of funds. (Naylor 1972:31)

These various dynamics have in turn contributed to the phenomenon of Canadian "sub-imperialism". Canadian banks and aluminium interests, for example, have acquired extensive holdings in the English-speaking Caribbean, and 70 percent of the region's insurance business is Canadian-controlled. Heavy Canadian investments are also flowing to Latin America, the largest concentration being in Brazil, where until the 1970's the largest single foreign corporation was a Canadian one (Brascan). More recent investment flows have centered on Guatemala, where Canadian mining interests have gained a massive 40-year mineral-rights concession from the local regime (Crocker 1978:34–39), and the Dominican Republic, where over $500 million in Canadian investment have been attracted (*Financial Post:* 19 Nov. 1977). A growing volume of Canadian capital is now also flowing to South Africa and Indonesia. (Typically, these investments have concentrated on traditional mercantilist sectors—a reflection of investment constraints imposed by dominant external interests, e.g. the U.S. in Latin America, as well as of Canadian business predilections.)

In addition to the Third World, the U.S. itself constitutes an important outlet for Canadian investment capital increasingly unable to find prime investment opportunities within the foreign-controlled domestic economy:

As recently as 1960, major Canadian financial institutions held only 10 percent of their stock portfolios in foreign equities; the proportion had risen to 24 percent in 1966. The trend was most pronounced in mutual funds, which held 17 percent of equity holdings abroad in 1962, 35 percent in 1966, and 53 percent in 1967. Most of the foreign stock portfolios of the major Canadian financial institutions are in industries which are not listed on the Canadian market . . . A York University study points out that 'if suitable Canadian stock issues do not become available, there is some likelihood that half the equity holdings of these institutions may soon be in foreign equities, a proportion already exceeded by the mutual funds'. (Levitt 1971:139)

By the beginning of the 1970's, comparative per capita figures showed that Canadians had invested $561 each in the United States as compared to an American investment in Canada of $163 each (Brossard 1971:114). By 1978, over $800 million in long-term investment funds alone were flowing annually from Canada to the U.S., a level exceeded only by investments in the U.S. from Japan, West Germany, and Switzerland—all of whom, unlike Canada, derive investment advantages from currencies which have appreciated steadily against the U.S.$ (*Financial Post:* 16 Sept. 1978; Canada 1979d). When the overall Canadian foreign-investments picture is considered, one analysis indicates that by the late 1960's Canadian direct investments abroad were proportionally higher than those of France, Germany, and Japan, both in terms of $ per capita and percentage of GNP (Halliday and McCormack 1977:33). The rate, moreover, is accelerating: by 1976 Canadian long-term investment abroad totalled $605 million for the year, an amount which increased to $740 million in 1977 and $1.8 billion in 1978

(Statistics Canada: 7 March 1979). The inherent lack of Canadian entrepreneurial dynamism—a lack characteristic of Canada's mercantilist legacy—is indicated by data showing that a declining proportion of Canadian direct investment abroad is actually controlled by Canadians, i.e. that an increasing proportion is being invested by foreign subsidiaries operating in Canada (Cordell 1971:70). It has been suggested that this lack of entrepreneurial dynamism seeking Canadian industrial innovation and autonomy is in at least some degree comparable to the orientation and outlook of various African comprador bourgeoisies so provocatively described in a polemic by Franz Fanon (1968:152–153):

> The national middle class discovers its historic mission: that of intermediary. Seen through its eyes, its mission has nothing to do with transforming the nation; it consists, prosaically, of being the transmission line between the nation and a capitalism, rampant though camouflaged, which today puts on the mask of neo-colonialism. The national bourgeoisie will be quite content with the role of the Western bourgeoisie's business agent, and it will play its part without any complexes in a most dignified manner. But this same lucrative role, this cheap-Jack's function . . . and this absence of all ambition symbolize the incapability of the national middle class to fulfill its historic role of bourgeoisie. Here, the dynamic, pioneer aspect, the characteristics of the inventor and of the discoverer of new worlds which are found in all national bourgeoisies are lamentably absent . . . [The local bourgeoisie] follows the Western bourgeoisie along its path of negation and decadence without ever having emulated it in its first stages of exploration and invention . . . It is already senile before it has come to know the petulance, the fearlessness, or the will to succeed of youth.

3.3 Satellization's toll

As a result of the mercantilist-generated satellization of the Canadian economy, economic development in Canada has increasingly reflected the priorities of external owners rather than the priorities of balanced national economic development. Indeed, as British economist Harold Brookfield (1975:186) notes, "such close linkage [with the U.S.] deprives the Canadian economy of a national framework and frustrates the pursuit—or even formation—of national policy goals." In particular, foreign ownership has resulted in the Canadian economy's increasing reliance on the extraction and export of natural resources and in a simultaneous erosion of Canada's manufacturing sector. In this connection, observers from widely divergent points on the ideological spectrum are agreed that the conjuncture of resource-industry reliance and growing foreign ownership is exacting a significant toll on Canada, as the increase in value of the country's resources as a result of their growing scarcity has been matched by an increase in foreign equity control and consequent appropriation abroad of much of the surplus. The dimensions of the resultant financial windfall to the lease-holders (under Canadian law ownership of natural resources is technically retained by the government) can be gauged by financial returns in the metal mining industry. In the period 1965–70 profits in this industry amounted to $3,165 million, but of this only $519 million

were even subject to federal or provincial tax. In terms of actual taxation, for the period 1965–69 only 14.7 percent of the net profit accrued to the Canadian public. Over half of the remaining 85.3 percent flowed to foreign owners, and a substantial portion of the rest was invested abroad by the minority of Canadian owners (Watkins 1973:112).

When such a condition becomes typical of the entire primary sector in a country, and when that country's economic earnings are substantially based directly or indirectly on the primary sector, some of the long-term implications are not difficult to perceive. As Eric Kierans, ex-president of the Montreal stock exchange and former federal cabinet minister commissioned by the government of Manitoba to study that province's natural resources policy, has observed:

> Resource rich nations that continually yield up the value of their wealth in return for the labour employed in its exploitation will never be more than resource nations. They lose the opportunity to form their own capital, capital which will enable them to break out of that very reliance on their resource base and reduce their dependence on foreign investment. When a nation or province can generate capital out of its own resources and retain it, it will be less dependent on others. (quoted in ibid.:113)

Moreover, the resources in question are practically all non-renewable. Thus such an economy converts from a distant prospect into a medium-term danger the day when not merely one region but an entire country sees its staple-economy stagnate through resource-depletion. In this regard, a 1972 background study for the Science Council of Canada has already struck a sombre warning:

> Our resources are considerable, but we most also bear in mind that our rate of exploitation is very high; we are among the world's leaders in the production of a number of key minerals. Thus, the life index of many of our minerals (i.e. the reserves divided by the rate of production) is not as favourable as are those of certain other countries . . . In longer-term perspective, we must bear in mind that these resources are *non-renewable*, and that they are *finite*. Projecting past growth rates into the future would exhaust presently known reserves of several of our major minerals by 1990. With a vigorous exploration program, we could probably find most of the exploitable deposits and thus sustain the exponential rate of growth for a few more decades. But is this wise? Do we wish to be remembered as the generation that launched Canada on a program of rapid exploitation for the export, in raw or semi-processed form, of the resources which will be in such short supply for our children or grandchildren: Anything beyond the year 2000 looks very far away; but from 1972, the year 2000 is only as far in the future as 1944 is in the past. (Bourgault 1972:32–33)

An additional and more immediate consequence of an economy based on its primary, or resource-extraction, sector is the relatively low yield of jobs generated in proportion to capital investment. According to one 1972 estimate (CSN:129), for example, a capital investment of $250,000 is required in the mining industry to create one job as opposed to $125,000 for the creation of a new job in secondary industry. Foreign ownership worsens the situation by siphoning out of the country profits that could otherwise be invested in Canada to generate new jobs. Moreover, primary industries are becoming steadily more capital-intensive; this

tendency is epitomized by the petroleum industry, where conventional oil production with its $7,000 capital-investment-per-barrel-per-day is shifting to oil-sand plant production absorbing $42,000 in capital-investment-per-barrel-per-day (*Financial Post:* 4 August 1979). As a result of this rising capital-intensity, the primary sector employs a dwindling number of people despite increasing output—thus in Quebec, for example, the number employed in this sector fell from 254,000 in 1950 to 110,000 in 1964 (loc.cit.), while Canada-wide the percentage of the labour force directly employed in the primary sector declined from 18.5 percent in 1956 to 9.1 percent in 1971 (Resnick 1977a:62).

The decline of employment in the primary sector is particularly significant in the context of foreign ownership's negative impact on Canada's manufacturing sector. In this latter regard, there is in the first place a marked tendency among U.S. subsidiaries to centralize their research and development (R & D) operations at their parent base and thereby relegate subsidiaries to the role of technology-importers. A 1971 special study for the Science Council of Canada noted that "the effect of these trends is to continually reduce the potential for innovation in Canadian subsidiary operations" (Cordell 1971:39). This reduction is evident in the gradual decline of Canadian R & D expenditures from 1.24 percent of GNP in 1970 to 1.07 percent in 1975—compared to 1975 R & D expenditures of 1.39 percent of GNP in Sweden, 1.86 percent in France, 2.0 percent in Japan, 2.06 percent in the Netherlands, 2.16 percent in West Germany, and 2.35 percent in the U.S.—as well as in the decline of R & D as a percentage of the value of Canadian manufacturing output from 0.8 percent in 1965 to 0.58 percent in 1975 (Starks 1978:38–39).

The consequent erosion of the secondary sector's innovative capacity and international competitiveness thus reinforces the employment-reducing effect of manufacturing's rising capital-intensity, with the result that while the value of Canadian manufacturing output is still growing, the number of jobs provided by the manufacturing sector is actually declining: from December 1974 to Ddecember 1977 an estimated 80,000 jobs were lost, including 31,000 in 1977 alone (ibid.:16). Reflecting the gradual deterioration of the country's manufacturing capabilities is the growing import penetration of the domestic Canadian market for manufactured goods, with the import share rising from 21.6 percent of the domestic market in 1966 to 29.6 percent in 1976 (ibid.:22). Also indicative of the long-term trend is Canada's growing deficit in fully manufactured goods, amounting to $11.5 billion in 1978. Such a deficit costs an estimated 400,000 jobs to Canada (assuming a twofold job "multiplier" effect) and, in conjunction with a growing non-merchandise trade deficit totalling $8.8 billion in 1978, far offsets periodic trade surpluses in raw materials and partly-manufactured goods, thus creating a deepening overall balance of payments deficit—amounting to $5.3 billion in 1978 (ibid.:23; *Financial Post:* 10 March 1979).

The plight of the manufacturing sector promises to intensify as a result of growing American imports of Canadian natural resources and corresponding U.S.

determination to pay for resource imports through increased exports of manufactured goods to Canada. (Moreover, increased demand for Canadian raw materials tends to drive up the value of the Canadian dollar, in turn damaging the international price-competitiveness of Canadian manufactured products.) In addition, growing competitive pressures on the United States from Japan and Western Europe—reflected in a 1977 U.S. trade deficit of $27 billion—are forcing American manufacturers to accelerate the remission to the United States of subsidiaries' income (a process reinforced by the large capital costs of the U.S. domestic energy program aimed at reducing dependance on OPEC imports) as well as to eliminate many branch-plant operations altogether. This latter tendency has produced the prospect of what has been described as "de-industrialization" (R. Laxer 1973:9), i.e. an emerging industry-by-industry rollback or contraction of key production capacities in the secondary sector. In some industries, the spectre has already materialized: for example, Canadian production of electronic tubes for the domestic market fell from 61 percent of that market in 1963 to 25 percent of that market in 1972, with a resultant elimination of 85 percent of Canada's tube-manufacturing jobs (Murphy 1972:93). Overall, by 1969 OECD statistics indicated that Canada's percentage of workers employed in the secondary sector was the second lowest level among the organization's fifteen member nations, with only Ireland's being lower (Bourgault 1972:26); by 1971 employment in manufacturing had fallen short of the Economic Council of Canada's 1967 projection by 120,000; and in 1978 the Science Council of Canada warned that Canada was sliding into "industrial underdevelopment" (quoted in *Financial Post:* 4 Nov. 1978).

That such a trend is not likely to be alleviated by the oft-proposed solution of total North American free trade is indicated by the case of the agricultural-implements manufacturing industry—a case which additionally demonstrates that considerations of continental-scale competitiveness drive even Canadian-owned firms to centralize operations south of the Canada-U.S. border:

> Canada's only long-term experience with industrial free trade supports ... pessimistic projections. The Canadian agricultural implements industry, which has had duty-free access to both countries since 1944, has had most of its production facilities transferred to the U.S. Canada's share of North America's total production of farm implements was formerly 12 percent. It has since dropped to about 6 percent, even though several of the giants of the industry are Canadian firms. There are now 600,000 tractors on Canadian farms, but tractor production has virtually ceased in this country. Massey-Ferguson [the largest manufacturer] still makes tractor parts in Toronto and Brantford, Ontario, but they are shipped for assembly to the firm's Detroit factory. (Newman 1971:8)

Additional insight into the dynamics underlying such responses to the economies of scale is provided by the case of Northern Telecom Ltd., a leading Canadian manufacturer in the telecommunications field. In 1974 Northern Telecom's Canadian workforce was approximately 19,800; by 1978 these jobs had been reduced to 14,100 (McDermott 1978:10) largely as a result of transfers of operations to the U.S. Explained Northern Telecom chairman Robert Scrivener:

No matter how we projected the Canadian telecommunications market, we could see no way in which we could afford, on returns from the Canadian market alone, the enormous and continuing research and development costs required to establich a viable, profitable position in these new technologies. We saw that we couldn't even expect to hold our share of the Canadian market against foreign competition. It appeared to us that, even if we took the total Canadian market (and we haven't), we would still end up . . . as a relatively small Canadian company unable to keep up with the technological advances of others.

The most logical growth market is in the U.S. It is the largest single telecommunications market in the world. The California market alone is bigger than that of the whole of Canada. Quebec is only half the market of the state of Ohio . . . But, we are asked: why not just export from Canada: Why do you invest in plants in the U.S. and take jobs away from Canadian plants? The answer is: we can't get the business by export . . . Ours is a highly technical industry dealing with sophisticated electronic systems. Customers . . . demand . . . that the plant and expert service are close by, not one . . . or four thousand miles away . . . Our objective is to do more business in the U.S. by 1982 than we will be doing in Canada. Such an objective can only be achieved by becoming part of the U.S. economy as a highly visible, successful element of the U.S. telecommunications and electronics products industries . . . (quoted in Starks 1978:54–55)

Arthur Cordell of the Science Council of Canada has suggested that such transfer strategies as Massey-Ferguson's and Telecom's in fact exemplify an "iron law" of corporate behavior, viz., "when a company in a relatively smaller country expands its international operations into a significantly larger market it finds, over time, that it pays to locate not only production but support and managerial functions in the larger offshore market area" (quoted in ibid.:55). Iron law or not, the transfer of manufacturing industry southwards has become sufficiently widespread to prompt Canada's federal and provincial governments to offer corporations ever larger subsidies as enticements; however, this attempt has been largely cancelled out by matching counter-offers of subsidies from American states (it has also elicited threats of tariff retaliation—so far unfulfilled—by the U.S. government).

Wider U.S. geopolitical considerations also portend growing constraints on the composition of Candian industrial development. The chief of these considerations is the desire to reduce the fiscal drain caused by U.S. energy imports. Responding to concern about growing energy expenditures in the Middle East in particular, the Nixon administration at the beginning of the 1970's issued a series of statements reflecting an expectation that Canadian natural resources would be increasingly drawn upon by the U.S., with the abundance, proximity, and security of Canadian resources all being deemed important factors. With regard to the latter two factors, for example, the U.S. Cabinet Task on Oil Import Controls report in February 1970 commented:

The risk of political instability or animosity is generally considered to be very low in Canada. The risk of physical interruption or diversion of Canadian oil to other export markets in an emergency is also minimal. (quoted in Gonick 1975:266)

The report proceeded to recommend "common or harmonized United States-Canadian policies with respect to pipeline and other modes of transportation,

access to natural gas, and other energy-related matters." The evolving American policy was graphically described in May 1971 by Brice O'Brian, president of the U.S. National Coal Association, who testified before a Senate energy inquiry: ". . . Our government considers Canada our own for energy purposes" (quoted in Cockerill 1971:5). In June 1971 President Nixon himself spoke of Canadian resources as a possible solution to America's resource shortage, in so doing adding his weight to the growing American articulation of the "continental resource" concept. On this latter point, a *Manchester Guardian* study observed:

> The idea of 'common ownership' of those resources by all the people living in the North American continent is of comparatively recent origin, although the concept must have been in the minds of U.S. and industrial leaders for a great deal longer. Such a concept would be laughable were it not the serious matter it is: such logic implies that the resources of the continental U.S. are also the common ownership of Canada, as well as vice-versa. The only trouble is that the United States has no resources left to speak of and therefore none to share; what U.S. leaders mean by 'continental resource' is consequently self-evident. (loc.cit.)

Growing continentalist pressures mirror the rapid rise in American comsumption of Canadian resources. It has been estimated that U.S. consumption of Canada's resource production will rise between 1970 and 1990 from 50 percent to 90 percent of Canada's uranium production, from 80 percent to 95 percent of iron production, from 55 percent to 90 percent of lead production, from 15 percent to 90 percent of copper production, from 50 percent to 90 percent of zinc production, and from zero percent to 40 percent of water supplies (Rohmer 1973:215). The irreversability of such export commitments was stated explicity by Canadian Major-General Andrew McNaughton, former president of the International Joint Commission (a Canadian–U.S. government body for the adjudication of transborder disputes), who in 1965 voiced his opposition to the export of Canadian water:

> To me it is obvious that if we make a bargain to divert water to the United States, we cannot ever discontinue or we shall face force to compel compliance. There is nothing in our experience which indicates any change in the vigor with which our American friends pursue objectives which they deem in their national interests, however much this may hurt a neighbor who has unwittingly made a careless bargain in other circumstances. (quoted in Cockerill 1971:5)

In November 1976 additional implications of the evolving U.S. policy were spelled out at a meeting of the Conference Board in Toronto during which Willis Armstrong, Consultant to the U.S. Council of the International Chamber of Commerce, declared that "what is good for business is good for Canada-U.S. relations" and that Canadian alternatives to continentalist integration are non-existent:

> [Canadians are] the prisoners of circumstances . . . In reality the only notable options in foreign affairs are in minor and unimportant matters. (quoted in *Globe and Mail:* 13 December 1976)

Echoing Willis' tone was U.S. investment banker Alexander Tomlinson's candid warning to Canadians about the constraints of indebtedness: "Unless you are financially self-sufficient, you'd better be nice to your banker" (quoted in loc.cit.)—a sentiment paralleling the memoir-observation by Canadian federal finance official A.F.W. Plumtre (1978) that "the basic threat to Canadian economic independence . . . lies in a continuing balance of payments deficit that has to be covered by capital imports which are at any time subject to interruption and which involve increasing impairment of Canadian control over the economy." (The irony of increased Canadian government borrowing on U.S. capital markets at the same time that growing amounts of Canadian investment capital are flowing abroad was underscored in October 1979 when Canada's central bank felt obliged to raise its prime lending rates over the record U.S. interest rates in order to maintain Canada's "attractiveness" to U.S. lenders, even though such high rates carried the clear risk of aggravating Canada's approaching recession.)

A pursuance of U.S. "continentalist" pressures was indicated at the outset of the Carter administration when Vice-President Walter Mondale, who played a leading role while a Senator in proposing retaliatory legislation against countries denying natural resources to the U.S., was assigned by President Carter with special responsibilities in U.S.-Canadian relations. A further indication of White House thinking was offered by President Carter's 16 July 1979 statement that "Alaskan and Canadian gas will reduce our imports"—thus confirming that Canadian resources are not considered "imports". Nor do continentalist pressures emanate from the executive branch alone: in May 1979 the U.S. Senate Finance Committe approved a trade act amendment empowering the President to negotiate a North American free trade agreement (*Financial Post:* 12 May 1979). Significantly, by mid-1979 proposals for North American common energy markets and free trade had been endorsed by leading Presidential contenders in both the Democratic and Republican parties: Edward Kennedy, Jerry Brown, Ronald Reagan, and John Connally (*Financial Post:* 4 August 1979). Commenting on the ultimate thrust of continentalist trends, former U.S. Under Secretary of State George Ball has observed:

> Sooner or later, commercial imperatives will bring about free movement of all goods back and forth across our long border. When that occurs, or even before it does, it will become unmistakably clear that countries with economies so inextricably intertwined must also have free movement of the other vital factors of production—capital, services, labour. The result will inevitably be substantial economic integration, which will require for its full realization a progressively expanding area of common political decision. (quoted in Rotstein 1973:43)

The Canadian economy's vulnerability to American pressures is perhaps best summarized by the fact that Canada is among the most export-dependent of the advanced capitalist countries—nearly 25 percent of its GNP is exported, as opposed, for example, to the U.S.' 7 percent (Starks 1978:108)—and that over 70 percent of these exports are sold to the U.S., a proportion, moreover, which is increasing (up from 65 percent in 1970) (*Financial Post:* 10, 17 March 1979):

Canadian exports: Jan.–Dec. 1978

(Markets absorbing $400 million or more)	*($ million)*
United States	36,283
Japan	3,047
Britain	1,979
West Germany	777
Venezuela	681
China	567
Soviet Union	512
Netherlands	503
Belgium	481
Italy	471
France	459
Australia	414
Brazil	409

Evidence that the Canadian bourgeoisie is reconciled to a continentalist future was provided in late 1971 in the immediate aftermath of President Nixon's imposition of a ten percent surcharge on U.S. imports of processed goods. Fearing the loss of U.S. markets, and seeking permanent security of access to those markets, various leading spokesmen for the Canadian business community and their political allies began publicly canvassing the possibility of seeking economic union with the U.S. Thus, for example, in the autumn of 1971 Canadian Chamber of Commerce president Neil German declared his support for a North American common market (*Sun:* 9 Oct. 1971). Similarly, on 16 November 1971 R.W. Todgham, president of Chrysler Canada Ltd., predicted that Canada and the U.S. would establish an economic union within ten to fifteen years, citing the two countries' "common language, . . . common standard of living and common ideas" as evidence of such a union's feasibility (qutoed in ibid.: 18 Nov. 1971). On the political front, British Columbia's Premier W.A.C. Bennett argued before a Federal-Provincial First Ministers' Conference on 15 November 1971 that "just as the European Common Market member states gain individually through development of their natural and other advantages in an enlarged free market, so could Canada and the U.S." (quoted in ibid.: 15 Nov. 1971). Though several at the conference voiced concern that economic union would lead to political amalgamation, reaction to the Bennett proposal was not uniformly hostile: Alberta's Premier Peter Lougheed, for example, merely termed the proposal premature (loc.cit.). Although the public debate was suspended when the U.S. removed its tariff surcharges in 1972, the episode served to re-emphasize mercantilism's continuing legacy of an economic vision limited to "middle-man" and branch-manager roles.

Moreover, subsequent events have confirmed that Canadian support for continental economic integration has gathered momentum. Constitutionally, this sup-

port has been one of the factors contributing to a steady accretion of powers from the federal government to the ten provincial governments which, with jurisdiction since 1867 over natural resources and consequent "first instance" power to regulate resource exports, have sought "corollary" powers to facilitate such commerce.[10] In trade policy, support for continentalism helped lead to a major reduction of U.S.-Canadian tariff barriers in a mid-1979 agreement under terms of revisions in the General Agreement on Tariffs and Trade (GATT) which will result in nearly 80 percent of the two countries' bilateral trade being virtually dutyfree by 1988 (*Financial Post:* 21 April 1979; Doyle 1979:19). Political pressure for an extension of this process to a complete free trade pact is now mounting. Thus the Canadian Senate Committe on Foreign Affairs' June 1978 endorsement of 'full bilateral free trade" (Canada 1978:124) was followed by a statement in June 1979 to the Toronto *Star* in which Canadian Finance Minister John Crosbie opined that "a free trade zone" is a "real option" and that "if we're going to be dominated by anyone, I'd prefer it to be Americans . . ." (quoted in *Sun:* 29 June 1979).

Evidence of the base of political support for the move to continental integration was provided by a 5 May 1979 *Financial Post* survey of the chief executive officers of Canada's largest corporations which showed support for immediate free trade (by a 52—44 percent margin) and abolition of government screening of foreign investments (by a 63—33 percent margin). In addition, a *Weekend Magazine* (28 July 1979) national survey indicated overall public support of 67 percent for free trade with the U.S. (varying regionally from a low of 64 percent in British Columbia to a high of 73 percent in the Atlantic region, and educationally from 59 percent support from those with more than a high school education to 73 percent from those with an elementary-level education). Further evidence of the growing political acceptability of continentalism was offered in August 1979 when discussions on a North American common market initiated by California Governor Jerry Brown were publicly participated in by the federal government's Economic Council of Canada chairman Sylvia Ostry and Quebec's Deputy Minister for Inter-Governmental Affairs Richard Pouliot (*Financial Post:* 1 Sept. 1979).

As Canada's economic satellization and continentalist integration have resulted in a gradual erosion of its manufacturing sector and an increasing reliance on more capital-intensive and less employment-generative resource-extraction industries, greater strains have been placed on the country's investment-capital and job-creation capacities. The cumulative impact of these factors led the Science Council of Canada's committe on industrial policies to warn in its 1977 report, *Uncertain Prospects*, that

> Canadian industry in chronically and gravely ill. Indeed, the country, industrially, is rapidly falling behind other nations and, by default, placing its hopes for the future on the resource sector, which . . . is inadequate to the task of raising or even maintaining the standard of living that most Canadians take for granted . . . Canada is one of the weaker links

in the global industrial system. Should the strains and stresses on that system continue for long . . . the Canadian economy will be perilously exposed. The more viable businesses will flee to the U.S. and elsewhere, while firms will decline and expire in Canada.

These strains have been magnified by the expansion of the Canadian labour force at an average annual rate of 2.5 percent during the 1970's—one of the most rapid growth rates in the industrialized world (Science Council of Canada 1971:14). Comparative labour force growth figures estimated for the period 1965–80 underline the dimensions of this problem (Miller and Isbister 1971:22):

Total increase in labour force 1965–80

Country	*Percentage*
Italy	1.7
Britain	4.4
West Germany	5.5
France	13.5
U.S.A.	29.5
Canada	49.8

The predictable result of the conjuncture of a rapid labour force growth rate and a foreign-controlled economy based on a capital-intensive primary sector and an eroding secondary sector is a chronic and deepening unemployment crisis (along with Ireland's, the worst of any OECD member-state): 1.88 percent during 1945–49, 5.59 percent during 1950–59, 7.2 percent during 1960–69, 7.41 percent during 1970–78, with an average 8.3 percent since 1976 (and a decade-record 14.4 percent rate for persons 15 to 24 years of age). In the various regions outside southern Ontario and Montreal (where most of Canada's manufacturing industry is concentrated), the federal government's Statistics Canada figures—which considerably understate the actual rate— reveal unemployment levels often far worse than the national averages suggest. An analysis of both regional variations and "hidden" unemployment—including discouraged workers who have given up looking for jobs and those who are involuntarily part-time workers because of lack of full-time opportunities—has provided the following profile of Canadian unemployment in 1977.

When the 200,000 adults on assorted government-sponsored training programs and 125,000 employable social-assistance recipients are included in the labour force total, the real unemployment rate rises to 15.3 percent; when early-retirements and various other categories are added, it is estimated that 1977's real unemployment rate was as high as 20 percent (ibid.: 21–22). Moreover, average *annual* rates understate the social impact of seasonal unemployment variations, for as Gonick (1971:4) notes,

Canada has more seasonal unemployment than most countries in the world. This seasonal unemployment is discounted in the determination of unemployment rates, but it is unemployment nevertheless and its impact on the unemployed differs little from cyclical unemployment.

Table 3. Unemployment by province, 1977 annual averages.

	Official Unemployed (thousands)	Official Rate %	"Hidden" Unemployed (thousands)	"Real" Unemployed (thousands)	"Real" Rate %
Newfoundland	30	15.9	29	59	26.7
Prince Edward I.	5	10.0	6	11	19.3
Nova Scotia	36	10.7	22	58	16.4
New Brunswick	36	13.4	29	65	21.5
Quebec	288	10.3	155	443	15.0
Ontario	282	7.0	140	422	10.0
Manitoba	27	5.9	16	43	9.0
Saskatchewan	19	4.5	14	33	7.6
Alberta	39	4.4	22	61	6.7
British Columbia	99	8.5	51	150	12.3
CANADA	862	8.1	486	1,348	12.1

Source: Gonick 1978:21.

Moreover, unbalanced economic development such as Canada's has a detrimental impact on the qualitative terms of employment. For example, as the Science Council of Canada (1971:19) points out, multinational corporations' R & D-centralization and cutback of marginal branch-plant operations with the attendant "de-industrialization" effects on Canada's secondary sector have had a direct impact on the number and type of positions open to science and engineering graduates:

> The general lack of employment opportunities in manufacturing has serious implications for scientists and engineers, particulary since we have increased our output of these graduates three-fold in the last ten years. It is estimated that, in the first half of the sixties, one-half of our university output found employment in manufacturing; of the 25,000 scientists and engineers produced in the last two years, however, probably only 2,000 were needed in this sector to fill positions vacated by deaths and retirements.

Typifying this effect is the situation in Canada's automobile-manufacturing industry, an American-owned industry completely integrated on a continental free-trade basis under a 1965 Canada-U.S. treaty. Suffering from chronic deficits favoring the U.S.—the Canadian automotive trade deficit for the first half of 1979 reached $1,477 million, up from a $538 million deficit for all of 1978 (*Financial Post:* 16 June, 11 Aug. 1979)—and weakened by a decline in its share of continental investment in the auto industry from 26.5 percent in 1967 to 5.4 percent in 1973 (Collison 1977:13), the Canadian segment of the industry has witnessed a steady deterioration in employment-composition. According to a 21 December 1974 *Financial Post* study:

> . . . Since the Canadian auto industry was integrated with the U.S. industry, the quality of jobs for Canadians has suffered. Jobs in automotive research and development, engineering and design have already disappeared, to be replaced by jobs on the assembly line—the industrial equivalent of hewing of wood and drawing of water.

A similar decline is seen in the data-processing industry where, according to an estimate by the Canadian Association for Information Science, 30,000 to 40,000 potential computer-related jobs have been lost because foreign subsidiaries are increasingly processing their data in the U.S.; it is further estimated that by 1985 $1.5 billion worth of data processing services will be imported by Canadians, and that 80 percent of this amount will be U.S.-parent-to-Canadian-subsidiary transactions (Toronto *Star:* 22 May 1979). That such patterns imply consequences far beyond particular sectors was emphasized by a 1971 Science Council of Canada report on multinational corporations:

> The relationship of New York to Montana within the United States may foreshadow the relationship of the United States to Australia or Canada. In Montana there is only a narrow range of activities in which the indigenous population can become involved. The nuclear physicist, corporation lawyer, machine tool designer, industrial and commercial artist must leave in order to achieve a modicum of self- fulfillment. The pull is to the centres of activity—usually near the major population areas of the country as a whole . . . On a world scale . . . the pull is to the headquarters nations. Countries dominated by a high degree of direct foreign investment may increasingly be characterized by a diminishing potential for challenging career opportunities.

3.4 Demographic factors

While the impact of changing demographic patterns in the last quarter of the twentieth century cannot be analyzed definitively—variables such as immigration patterns make Canadian population projections particularly problematic—it is clear that the end of the postwar baby boom will not eliminate social strains generated by the capital crisis, though their impact will certainly be modified by demographic changes. Insofar as population trends can be projected—Statistics Canada estimations of average net annual migration gains between 1976 and 2001 vary from 60,000 to 100,000—it would appear that Canada's population is likely to grow to 28.4 million by 2001. This Statistics Canada projection (Canada 1977:4.3C), which assumes annual net migration gains of 60,000 and 1985–2001 fertility rates of 1.80 children, would result in a decline in the proportion of the population aged 19 years or younger from 35.7 percent in 1976 to 26.7 percent in 2001, an increase in the 45–64 year category from 19.1 percent to 23.6 percent, and an increase in the 65-years-and-older category from 8.7 percent to 11.8 percent. The implications of such an aging trend are varied: in terms of employment, for example, the Economic Council of Canada estimates that the labour force growth rate of approximately 20 percent during 1970–75 will decline to a 10 percent growth rate during 1980–85, a reduction in absolute numbers from an average of 280,000 new workers a year during 1976–81 to 150,000 new workers a year during 1981–86 (McCready 1977:160–161).

On the face of it, such a decline would seem to indicate an imminent lessening in job-creation pressures (thus accomodating industry's rising capital-intensity)

and a consequent diminution in unemployment. (However, the rate of such diminution could be slowed by a rising labour force participation rate from women, whose proportion of the Canadian labour force is expected to rise from 40 percent in 1976 to 46 percent in 1986.) (ibid.:79) On the other hand, as Hymer (1978:30) observes, a tightening labour market has the effect of "exhausting national pools of cheap labour and lessening the competitive [wage-restraint] pressure on the work force." The resulting ability of organized labour to command higher wages for its services could thus intensify pressures on employers already contending with escalating capital costs and widening international competition, in turn provoking new increments of labour-eliminating technology and business-labour confrontations over wages.

Moreover, the implications of a general aging trend are significant in terms of the social-services expenditure-component of the state fiscal crisis. While the peaking of the post-World War II "baby boom" has brought a major decline in school enrollments and a concomitant easing of educational expenditures, the coming to parenting-age of the "baby boom" generation will—despite lower fertility rates—produce a major increase in the numbers of school-age children beginning in the early 1980's (with a 35 percent growth in elementary school enrollment from the early '80's to mid-'90's projected) and in turn necessitate major new fiscal outlays to renew and expand educational facilities (ibid.:201—202). In addition, the aging trend will produce new strains on health care services—in 1971, for example, over-65's constituted only 8 percent of Canada's population but absorbed 35 percent of hospitals' patient-days, and it is estimated that demand for hospital services during 1976—2001 will increase 40 percent more than population growth (*Financial Post:* 5 June 1976).

Similarly, with an ever-larger proportion of the population exiting from the labour force over the next several decades, an increasing burden of taxes and wage-deductions will be placed on those remaining in the labour force in order to sustain the capitalization of public and private pension plans—a burden made even heavier by earlier retirements, increasing longevity, and the growing pressure for insertion of cost-of-living "indexing" clauses into pension plans as a means of preventing inflation's erosion of retirement income. In absolute terms, the dimensions of such fiscal pressures in the case of Canada are suggested by the fact that while 700,000 Canadians were drawing Canada Pension Plan benefits in 1975, this number in expected to increase by approximately 100,000 a year during the decade 1975—85, and that by 1985 there will be only 4 working-age Canadians for each Canadian over age 60 (McCready 1977:182, 180).

Such a conjuncture of a narrowing base of tax-contributors and a widening social-service expenditure-load represents a major aggravation of the state fiscal crisis which is emerging throughout the advanced capitalist world. In Japan, for example, the Health and Welfare Ministry estimates that the proportion of those involved in pension plans as beneficiaries will increase from 10 percent in 1978 to 24 percent in the year 2000, and that payments from welfare pension funds will

triple between 1978 and 1983 alone—a situation which, in the context of a decline in the ratio of working-age persons to over-65's from 9 to 1 in 1978 to 7 to 1 in 1984 to 4 to 1 in 2010, has prompted Economic Planning Agency consultant Haruo Shimada to warn that the mid-'80's "will be the beginning of a real crisis here" (*Washington Post:* 26 Nov. 1978). Parallel problems are emerging in France and the U.S.: in the former, where health expenditures' rate of increase is steadily outrunning GNP increase, and where pension deficits are chronic, the overall deficit of the state's Securité Sociale system is expected to increase from 3 billion francs in 1978 to 10 billion francs in 1979 (*Le Monde:* 3 December 1978); in the latter, the U.S. Department of Health, Education and Welfare has warned of a possible $20 billion Social Security deficit by 1990 (McCready 1977:184). The prospect of rising tax burdens and possible restriction of social services, in conjunction with the general impact of the capital crisis, thus suggest a gradual deterioration in the terms of employment—a deterioration whose magnitude will likely offset the benefits of any diminution of employment resulting from demographic changes.

Chapter 4

Political reactions

4.1 The basic challenge

Faced with the exigencies of industrial production's escalating capital-intensity and the consequent tightening of the fiscal crisis of the state, Canadian leaders in the late 1970's began joining their counterparts elsewhere in the advanced capitalist world in advocating cutbacks in governments' social expenditures as a means of easing the tax burden on an increasingly restive tax-paying public while maintaining the inflow of subsidy-capital into the private sector. Initially, some observers argued that this process should be argumented by the contracting out of remaining social services to the private sector as a means of attaining greater efficiency in social expenditures as well as providing secure "social-industrial" profit-opportunities for the private sector (O'Connor 1973). However, political and business circles in Canada and elsewhere have in general exhibited little confidence that anything in the way of significant long-term profit-opportunities could be obtained through development of a "social-industrial complex", for as Harold Freeman (1977:21) suggests,

> For several good reasons, capitalists have little enthusiasm for substantial investment in public [i.e. civilian] goods and services. Many public goods are durable; once demand for them is satisfied, need may dry up. Compared to military goods, civilian goods in the public area provide minimal opportunity for profitable cost overruns . . . Public goods and services generally concern people who involve themselves, ably and with enthusiasm, in the projects; defective public housing would likely be greeted with early recognition, disfavor, unpleasant publicity, and lawsuits—not with a larger contract . . . Furthermore, public demand is capricious; from time to time the public changes its mind . . . The public area is outside the marketplace; criteria of profitability are at best unclear, and capitalist managers are not happy with any situation which does not provide a familiar quantitative basis for calculation. Public goods and services take diverse forms . . . and, as every producer knows, there is money in homogeneity [rather than in short production-runs of diversified products] . . . [And] there are other reasons for neglect. Public social services may threaten the class sttructure important to the survival of capitalism . . . Adequate social goods could . . . foster greater equality in the standard of living we all enjoy, thereby undermining workers' incentives to perform monotonous and limited jobs. Greater equality through enjoyment of common goods would also lessen the number of products we need as private consumers, thus depressing corporate markets.

Accordingly, frontal rhetorical assaults on social-service expenditures have mounted steadily. Appealing to burdened taxpayers' resentment of state bureaucratic wastage and benefitting from a lack of public debate on the relationship of the public services-private consumption trade-off to standards of

living, calls for massive cuts in public sector expenditures have evoked spectacular electoral support in many Western societies—epitomized by the victory of California's tax-slashing Proposition 13 in June 1978.

In Canada, business support for social service cutbacks—reflected in the findings of a 5 May 1979 *Financial Post* survey that 90 percent of the chief executive officers of Canada's 300 largest corporations oppose pension-indexing and a guaranteed annual income, and that the overwhelming majority identifies inflation and governments' spending and taxation levels as the country's worst problems—has been echoed by the country's two leading political parties. The new tone was typified by the October 1976 discussion paper, *The Way Ahead*, issued by the Liberal administration of Pierre Trudeau, in which Canadians were urged "to fulfill themselves as individuals and as a society without expanding government spending and bureaucracy" and that "the concept of a new sharing of social and economic responsibility is fundamental to the search for growth without inflation" (quoted in Collison 1977:15). Pursuing this theme, Prime Minister Trudeau declared in a nationally-televised address on 1 August 1978 that "we must reduce the size of government and use the resources to sustain growth" and that the consequent "re-ordering of government priorities" would include a $2 billion cutback in current and planned expenditures (with "much of this money . . . shifted to our new economic priorities"), zero growth in the federal public service, a "tough" line in public sector wage negotiations, and, in general, "returning functions to the private sector" and "removing the heavy hand of government and its drag on personal initiatives." In parallel fashion, a 1977 Conservative conference discussed the necessity of partially dismantling the welfare state as a means of giving Canada a competitive industrial edge, and in mid-1979 the incoming Conservative administration of Prime Minister Joe Clark re-committed itself to the elimination of 60,000 jobs from the federal public service and to drastic cuts in all "non-essential" expenditures.

Similar sentiments are acquiring political currency in other advanced capitalist societies, a tendency manifested variously in such developments as European Economic Community president Roy Jenkins' statement that Europe is "near the limits of social democracy" (quoted in Collison 1977:15), in the Dutch government's 1978–81 10 billion guilders austerity plan—including a 5 billion guilders cut in social benefits and civil-service reductions (*Le Monde:* 16 July 1978), in the 1979 electoral victory of the British Conservatives under Margaret Thatcher, in a rising "welfare backlash" in Norway (see Kolberg 1978), and in the growing political success of the 300,000-member American Tax Reduction Movement. The latter group, sponsored by California's Proposition 13-initiator Howard Jarvis, is campaigning for a 1980 California voter-referendum to force elimination of that state's personal-income and business-inventory taxes (constituting 30 percent of state revenue) and, at the federal level, is seeking an immediate $100 billion reduction in government spending, a constitutional amendment requiring a balanced budget, and a reduction in the capital gains tax from 48

percent to 15 percent. In arguing for such positions, Jarvis claims that too much money is borrowed by governments instead of by the private sector, and that "unless we turn that around, we won't have any way to hire the kids that are coming out of high school. There isn't any money to develop corn . . . or tennis shoes or whatever. To restrict the funds available for private investment in this industrial country . . . is nutty" (quoted in *Odyssey* 1979:12).

However, notwithstanding the current popularity in Canada and elsewhere of cutbacks in public sector expenditures, the cutback gambit seems likely to be of only short-term political marketability. This political limitation stems from the fact that the magnitude of capital subsidies required by the private sector is such that, in the context of the open-ended thrust of spiralling capital-intensity generated by competition-fuelled recourse to wider technology and the simultaneous depletion of natural resources, eventually only major cuts in the most basic public services combined with continued tax pressures in the individual taxpayer will enable the amassing of even temporarily sufficient blocks of investment capital for the private sector. Therein lies the excruciating dilemma for politicians committed to both the survival of democratic political institutions and sustained expansion within a capitalist framwork: how can the present economic system survive unless voters are willing to make substantial cuts in social services and, ultimately, in their overall standard of living? And yet who will support the perpetuation of a system that exacts such a human cost? The herculean dimensions of the challenge were acknowledged by *Business Week* (12 October 1974):

> Some people will obviously have to do with less . . . Indeed, cities and states, the home mortgage market and small business and the consumer, will all get less than they want because the basic health of the U.S. is based on the basic health of its corporations and banks . . . Yet it will be a hard pill for many Americans to swallow—the idea of doing with less so that big business can have more. It will be particularly hard to swallow because it is quite obvious that if big business and big banks are most visible victims of the Debt Economy, they are also in large measure the cause of it . . . *Nothing that this nation, or any other nation, has done in modern history compares in difficulty with the selling job that must be done to make people accept the new reality.* (Emphasis added)

Assessing the same phenomenon from an ideological perspective radically different from that of *Business Week*, Andre Gunder Frank struck a similar note in his 1976 (b:18) observation that "there is in the industrialized countries . . . the beginning of a serious ideological crisis in which capital will have to find an alternative ideology to legitimize its rule and to legitimize the various drastic austerity measures that it is trying to impose on labour."

The difficulty of what *Business Week* termed the "selling job" is further apparent when the social-stabilizing role of the present social-expenditure levels is considered. In this connection, Canada's Minister of Consumer and Corporate Affairs Bryce Mackasey observed in May 1976: "The stability of free enterprise depends on the welfare state . . . As we face this capital crunch I hear businessmen saying 'Cut back on welfare and tranfer payments.' But a country whose living standards are falling faces more unrest than a much poorer country whose living

standards are rising" (quoted in Loney 1977:447–8). Similarly, a senior Ford Motor Company economist warned in 1976: "Unemployment insurance and welfare expenditures are two reasons why there isn't blood on the streets here" (quoted in ibid.:447). (Such assessments from political and corporate sources corroborate Valentin's comment that welfare state "interventions" in socio-economic processes are, inter alia, important buttresses for the status quo in advanced capitalist societies: "Besides being solutions to specific problems in the reproduction of society, they may at the same time be claimed to be interventions producing a systematic weakening of the social forces which challenge the capitalistic order.") (Valentin 1978:33) The all-encompassing scope of the state's stabilizing role is further indicated by H. Armstrong's finding that in 1971 "there were 5,853,000 Canadians directly dependent on the state as clients or workers compared to 6,298,000 Canadians who were not" (quoted in Loney 1977:449).

As far as the consumption-sustaining role of social expenditures is concerned, cutback advocates generally voice the hope that consumption disruptions entailed by social-expenditure cutbacks will be more than compensated for by the economy's definitively increased competitiveness achieved through heightened capital investment. However, the sought-after "definitive" competitiveness remains highly elusive, for each increment of competitiveness gained from cutback-generated redeployment of capital from social expenditures to industrial investment tends to be quickly matched by parallel moves undertaken by competitors, in turn necessitating further rounds of cutbacks—a prospect which led a Canadian federal cabinet minister to acknowledge in a conversation with the author that "there is no end in sight" to the dynamics underlying public sector cutbacks (Willox 1978a). Moreover, some observers such as Hirschhorn (1979:153), contend that because social expenditures made within advanced capitalist societies have provided an increasingly crucial infrastructure of social organization enhancing productivity and consumption, advanced capitalism has now evolved to a point where a major reduction in such expenditures

> . . . is no longer functional to capitalist development, it no longer restores the basis for a new cycle of accumulation. Instead, it further limits accumulation, stifles productivity growth, and restricts the development of new markets.

On the other hand, the immediate consequences of not increasing industrial investment through public-to-private, social-to-industrial capital redeployment are, judging by available political evidence, deemed by both business and government to be far more of a danger to economic viability than any longer-term dampening effects on the economy accruing from social-expenditure reductions. Accordingly, political debate has increasingly focused on the means of securing augmented investment capital while simulantaneoulsy alleviating the tensions produced by the state fiscal crisis.

In the debate over appropriate political strategies, there would appear to be emerging the beginning of a consensus among leadership elements in the bourgeoisie and allied political elements in advanced capitalist societies that the

stark economic-structural constraints imposed by industrial production's escalating capital-intensity necessitate major readjustments in the political sphere. (For those who prefer conceptualizations in an alternative paradigm, the point may be stated thus: the evolving forces of production now necessitate a restructuring of the relations of production—i.e. a restructuring of political institutions which in turn will promote general public support for, or at least acquiescence to, capital-redeployments forced by changes in the technological base of industry operating in an advanced capitalist framework.) The thrust of this emerging consensus—which takes the continuing existence of capitalism as a given—is that the individual economic expectations of the public must be dampened and that a new public ethos supportive of such a change in individual expectations must be generated.

In this connection, a suggestion which has emerged with increasing frequency is that not only must individual workers' expectations of increasing incomes be dampened, but that prevailing notions of social justice underlying the extension of the welfare state must also be modified. Typifying this approach is the conclusion of a Twentieth Century Fund study published by Harvard University (Hirsch 1976:190) in which is aired the proposition that inequalities must be legitimized through a new morality for the foreseeable future:

> . . . The prime economic problem now facing the economically advanced societies is a structural need to pull back the bounds of economic self-advancement. That in turn requires *a deliberate validation of the basis of income and wealth distribution* that these economies have managed to do without in a transition period that is now ending. . . . We may be near the limit of explicit social organization possible without a supporting social morality. Additional correctives in its absence simply do not take. That is the decisive weakness of the purely technocratic approach to keeping the market economy to its social purpose. *Society is in turmoil because the only legitimacy it has is social justice; and the transition to a just society is an uncertain road strewn with injustice.* (emphasis added)

It is instructive to recall that in an earlier crisis of advanced capitalism the removal of universal social justice as a dominant political value in order, inter alia, to facilitate capital-accumulation for industry was accomplished in several European societies through the modality of fascism. In this connection, the comments of Vajda (1976:26, 30) on the 1930's are perhaps usefully recalled:

> Until the appearance of fascism, "normal" capitalist society, even when it produced the most conspicuous inequalities, still maintained the idea of equality and defended this idea in the form of equality before the law. Of course, not even this kind of equality has actually come about, but nevertheless its maintenance in principle has meant a real advance on all preceding social formations. Fascism [on the other hand] is a bourgeois ideology which revokes the bourgeois form of equality, and regresses even further, to a denial of the ideal of equality proclaimed by Christianity.

Whether in fact the capital crisis of the twentieth century's closing decades portends a rise in fascist or other totalitarian ideologies is a matter which will be pursued in some detail later in this study.

4.2 Reversing expectations—some immediate obstacles

Politicans' efforts to secure public assent to capital-raising cutbacks are reflected in increasingly blunt rhetorical assaults on both the welfare state and expectations of rising living standards. In the United States, for example, former U.S. Secretary of the Treasury William E. Simon (1979:2–3) recently declared in a nationally-distributed advertisement sponsored by the SmithKline Corporation:

> Excessive taxation for the alleged purpose of welfare confiscates resources from the most productive sector of the economy and transfers them to the least productive. Government's borrowing to finance spending beyond its tax revenues usups the majority of funds in the private financial markets, leaving private enterprise little with which to modernize, increase productivity and create lasting jobs . . . Citizens follow government's example, living beyond their means . . . Financial collapse is probable within this century unless the trend is quickly reversed. . . . The American people must now decide whether they will sell the liberty that is the envy of the world for the empty promise of the Welfare State, or whether they will restrict government to its proper functions: defense of the nation, protection of the helpless from the avaricious, and creation of an environment for sustained economic growth through sensible fiscal, monetary, tax and regulatory policies.

In Canada, the new tone was struck by Prime Minsiter Trudeau in his 1975 New Year's declaration that "we can't go back to what was before, with the same habits, the same behavior, and the same institutions." Similarly, Trudeau stated in December 1977 that "we're living beyond our means" and warned Canadians that "if they don't discipline themselves we will discipline them"—a perspective reiterated in a sombre summer 1978 assertion that "every one of the great industrial democracies . . . face economic challenges of the most enormous and unprecedented nature" and that "we must reduce the size of government and use the resources to sustain growth" (quoted in *Sun:* 2 August 1978). With equal bluntness, Progressive Conservative federal finance critic Sinclair Stevens declared before an audience at the University of British Columbia on 2 February 1978 that a Conservative government would impose restraints which would *decrease* the wages of the average worker (*Ubyssey:* 3 Feb. 1978).[11]

As James and Robert Laxer have pointed out in their analysis (1977:96–97) of the "new morality" enunciated by Trudeau, such attempts to reverse the public's expectations are complicated by the fact that two separate and opposed constituencies must be simultaneously mobilized:

> For business and the right, there is the message that the idea of redistribution of wealth has been pushed too far, and that this idea has led to softness among the people at large who think that the world owes them a free ride. The emphasis is now on hard work, on ending the easy handouts to lazy welfare recipients, on tightening up the distribution of unemployment benefits . . . But . . . Trudeau recognizes that belt-tightening can never be popular with those who have little room for pulling in their belts. Therefore, no simple appeal to a new code of public ethics will work. Trudeau's new morality depends on dividing those who confront him on his left flank.
>
> For left-liberal 'public opinion' the new morality is being served up as a frothy mixture of appeals to environmentalism and physical fitness and attacks in mindless material con-

sumption. Restraint, people are being told, is the only rational response to the realities of scarcity on this small and all-too-finite planet . . . The new morality appeals to the desire of people to distinguish themselves from 'the man of the street'. 'You can understand the problems of resource scarcity . . . ,' the message goes. 'It's too bad the masses cannot.'

Though sometimes sucessful as a short-run political novelty item, the "environmentalist" component of the "new morality" is proving to be of diminishing political effectiveness. In the first place, the environmentally-conscious come to perceive the approach as a sham-device masking the accumulation of capital to finance industry's increasing environmental destruction. Secondly, the wider mass of workers still embracing the "old morality" of maximum consumption find the necessarily-vague ecological appeals of the "new morality" an utterly inadequate response to their declining spending-power. (North America's most dramatic evidence of the continuing voting clout of this latter constituency is seen in the recent conversion of California's bellweather governor and presidential aspirant Jerry Brown from an environmentalist platform to a platform calling for industrial growth, fiscal conservatism, "strict self-discipline" and measures against foreign economic pressures.) In the long-term, moreover, the magnitude of cutbacks and consequent decline in living standards precipitated by the crisis of spiralling capital-intensity portend growing worker preoccupation with the more immediate concerns of underemployment, undercapitalized pensions, and personal economic survival.

4.3 The dimension of nationalism

An additional complication facing Canadian politicians seeking public support for the capital-priorities of an economy oriented toward an internationally-integrated capitalism is the growing dissonance between these priorities and the dynamics of nationalism, whether Canadian or Québécois. ("Nationalism" as the term is used here will be taken to mean "a concern that the political, economic, and cultural affairs of a territorially-defined policy be controlled and directed by individuals and/or institutions that are members of that polity, rather than by forces outside it"—a modified version of the definition offered in Resnick 1977:18.) As American, European, and Japanese corporations have reached more deeply into foreign markets and become internationally interdependent, nationalism has been gradually replaced as the business world's dominant political ideology by a multinational-corporate internationalism more suitable as an ideological lubricant for global market penetration. Concomitant with this process, the continuance of nationalism in general and economic nationalism in particular has emerged as an obstacle to what former U.S. Under Secretary of State George Ball described in May 1967 as "the growing determination of American business to regard national boundaries as no longer fixing the horizons of their corporate activity" (quoted in Schiller 1971:16).

Perhaps the most articulate exponent of the new internationalism has been Pierre Trudeau. Though he had as recently as 1958 likened Canada's relationship with the U.S. to that of "a colony exploited without limit" (Trudeau 1958), by the mid-1960's Trudeau had become an elegant advocate of international economic integration regardless of political costs (1968:13):

> . . . If laws and constitutions create a situation that is not favorable to the entry and development of technology and technicians, the country will be hopelessly outclassed economically. On the other hand, if technology is free to enter, the country must irrevocably step into the era of great communities, of continental economies. It will have to pay the price in terms of its national sovereignity.

After becoming Prime Minister, Trudeau extensively propagated his anti-nationalist views, asserting that, as the need for mankind to transcend narrow social and national divisions is clear to all progressive people, opposition to foreign corporate presences is obviously rooted in man's worst atavistic impulses. Thus, speaking in Washington D.C. in 1969 on the subject of Canadian attitudes toward multinational corporations, Trudeau contended that "tribalism and withdrawal are not the answer" (1972:4)—a theme he pursued in later declarations (ibid.:114, 194):

> I want to underline again the importance to Canada . . . of foreign capital. Without a continuing positive political climate in Canada, investment of that magnitude would go elsewhere . . .
>
> Others in this country are preaching not excellence, but chauvinism; not competition, but xenophobia.

Establishing a Foreign Investment Review Agency (FIRA) in 1974 during its brief parliamentary-minority phase as a concession to nationalist public opinion, the Trudeau regime by the late 1970's was pursuing its internationalist—which, in the Canadian-U.S. context, means continentalist—policies with renewed vigor. In 1977 applications to FIRA by foreign investors to establish new businesses in Canada increased 74 percent from 1976 and applications for foreign takeovers of existing businesses were up 56 percent, while FIRA's approval rate rose from 80 percent of applications in 1975—76 to 90 percent in 1977—78—a tendency which prompted a 25 February 1978 *Financial Post* observation that "the watchdog agency has turned into something more like a lapdog." A similar assessment was tendered by the Wall Street financial journal *Barron's* which noted: "It is difficult to imagine a legitimate business venture which would be impeded by the Foreign Investment Review Act . . . The only U.S. business which wouldn't be cordinally welcomed to Canada is Murder, Inc." (quoted in Rotstein 1977:31). The Conservative party's silence on the issue during the 1979 federal election campaign is indicative of a Liberal-Conservative consensus on continentalism; indeed, Conservative leader Joe Clark is on record as favoring the conversion of FIRA into an agency for *attracting* foreign investment instead of screening it (Laxer 1977:115).

Squarely posing a challenge to Canadian labour through its locking of the Canadian economy into a capital-intensive, minimum job-return resource-

extraction base, the satellization of the Canadian economy is firmly supported by the dominant segments of the Canadian bourgeoisie in keeping with the latter's mercantilist commitment to a Canadian "middle-man" role in an internationally-integrated economy under the aegis of mainly foreign-controlled multinational corporations. The clarity of this commitment was indicated in an unusually candid 1971 speech to the Canadian Manufacturers' Association by Norris R. Crump, chairman of Canadian Pacific Limited, the largest Canadian-owned industrial corporation. In his address, Crump explicitly advocated the gradual dismantling of Canada as a national economic unit—along with greater political autonomy for the provinces—so that its consistuent parts can be more effectively integrated with the metropolitan centres of the world economy. In Crump's own words (1971:14), such a "re-orientation" would have the effect of

> . . . increasing the attractiveness of imported manufactured goods in Western Canada and the Maritimes; allowing Quebec and Ontario to more fully integrate their economies into the heartland of North America, so reducing their dependence on Western and Maritime markets; [and] permitting . . . Western Canada to integrate more fully with the Pacific Rim countries.

Arguing that "more and more of our people are becoming aware of the very high price being paid for economic independence", Crump stated that in fact "we have really failed to achieve even a firm economic union within our nation", illustrating this with the observation that "the economic links between Western Canada and the Maritimes are almost non-existent" (ibid.: 6,8). Conceding that "it might appear somewhat anomalous to suggest that we should consciously set out to weaken the economic ties that were so necessary in the formation of this country", Curmp concluded that "it may be even more anomalous to hold rigidly to a policy that worked 100 years ago" and that "new orders of things must replace the old" (ibid.: 14, 17). Nor is Crump's continentalist vision unique to English-speaking Canadians: even the leadership of the Parti Québécois with its state interventionism on behalf of francophone entrepreneurs does not envisage a non-continentalist economic future. In the words of PQ cabinet strategist Claude Morin: "We may certainly expect Quebec to join any eventual North American bloc... Considering the already advanced integration of the Canadian and American economies, neither Canada nor Quebec really has very much room for maneuver in these terms..." (quoted in J. & R. Laxer 1977:205).

While it is clear that the tension between continentalism and nationalism will pose socio-political implications for the response of the Canadian working-class to the capital crisis, it is not clear exactly what those implications will be. On the one hand, it is possible that as the Canadian bourgeoisie opts irrevocably for a continentalist future, nationalism in Canada will by the process of elimination increasingly acquire a working-class connotation and in turn constitute a powerful mobilizing tool at the disposal of the labour movement. Labour nationalism—manifested during the 1970's in growing demands by Canadian sections of international (i.e. U.S.-headquartered) unions for more autonomy—could well emerge

with particular force in the manufacturing sector as "de-industrialization" proceeds. Ultimately, as the lines of economic control and nationality tend more and more to coincide, nationalism could illuminate rather than obscure lines of class, and thereby—in the radicalizing dynamic not infrequently characteristic of nationalism in conditions of satellization—encourage the emergence of a militant working-class consciousness. (To a certain extent, such a phenomenon has at least partially materialized in Quebec, as will be discussed in the following chapter.) On the other hand, particularly in the case of English-speaking Canada, it is possible that powerful continentalist pulls in the cultural realm—represented in American-content domination of what is read, viewed and listened to by anglophone Canadians—are already so far advanced as to render the emergence of a working-class-based nationalism impossible.

In addition, the cultural dynamics of continentalism tend to reinforce continentalism's economic dynamics, for as F.S. Capon has noted (*Financial Post*: 14 Oct. 1978), Canadian labour's growing acceptance of U.S. wage levels as the "norm" in Canadian industry sets in motion an additional pressure on business for continentalist integration:

> To be entitled to U.S. wage rates, Canadians must match U.S. productivity and cost structures, because in the end we either compete or go broke. Canada, as an independent political and economic entity, is 25 percent less productive than the U.S. for reasons we cannot escape—a harsh climate, enormous distances between population centres, a small population and thus a small domestic market on which to base technologically efficient industries... If we want U.S. living standards we must have access to U.S.-scale markets and this means economic union of North America.

Moreover, accelerating U.S. demand for Canadian natural resources is exacerbating already-inflamed regional animosities, in turn rendering the emergence of a cohesive Canadian nationalism ever more problematic. By mid-1979, for example, the desire of petroleum-exporting Alberta to have Canadian oil and gas prices rise rapidly to the world price-level had run into bitter opposition from oil-importing Ontario, with politicians in each province mobilizing broad constituent support for the proposition that citizens' economic opportunities are being narrowed through the selfishness of the government, business community and citizenry of the other province. With an emerging context of increasing export demand for resources and constitutional decentralization, the combination of rising taxpayer pressure on provincial governments to augment resource royalties and the enhanced constitutional ability of provinces to formulate autonomous resource policies could thus augur a "de-nationalizing" effect on the Canadian working-class as each of Canada's geographically and economically diverse regions seeks to meet its particular marketing needs. From this perspective, the visible resurgence of Canadian nationalism in the 1960's and early 1970's as manifested in popular support for such symbolic changes as a new flag, far from being the initial sparks of what will be a bright flame of national identity, could in fact be merely the last glow in the dying embers of Canadian nationalism. While it

is too early to ascertain with any scientific exactitude which of the aforementioned scenarios for working-class support of nationalism will materialize, the noticeable diminution of popular support for nationalist causes in English-speaking Canada in the late 1970's (as witness, for example, the virtual absence of the issue in the 1979 federal election campaign)—precisely the period in which economic insecurities engendered by the capital crisis have assumed priority status on electoral agendas—would appear to lend credence to the second scenario.

Chapter 5

Labour Politicization—The Case of Quebec

5.1 Historical context

The 15 November 1976 election of an *indépendantiste* government in Quebec has diverted attention from a mass movement which, though more erratic than the separatist movement in its development, emerged during the early 1970's as an important factor in the Quebec political equation: namely, a radicalized labour movement which identifies itself as the vanguard of a working-class with interests fundamentally opposed to those of the capitalist system. In addition to clarifying the political evolution of Quebec, an understanding of the origins and development of this movement—which now constitutes a significant segment of organized labour in Quebec—is of importance in illuminating certain socio-economic tensions characteristic of a satellized economy as well as critical stresses in the fabric of advanced capitalism as a whole.

The essential historical context of the Quebec labour movement is found in the legacy of Quebec's eighteenth-century conquest and the subsequent alliance of convenience evolved between the Anglo-Canadian polity and the Quebec wing of the Roman Catholic Church whereby the latter, in its initially-unchallenged role as institutional guarantor of *la survivance* of French Canada, conceded effective control of the Quebec economy to the English in exchange for a relatively free hand in shaping the educational and cultural formation of the Québécois. That the ensuing correspondence of ethnic and economic divisions could have the effect of stimulating popular awareness of class cleavages was foreseen as early as 1838 when Britain's Lord Durham warned in a report on the Quebec colony:

> If they prefer remaining stationary, the greater part of [French Canadians] must be labourers in the employ of English capitalists. In either case it would appear that the great mass of French Canadians are doomed, in some measure, to occupy an inferior position, and to be dependent on the English for employment. The evils of poverty and dependence would merely be aggravated in a ten-fold degree, by a spirit of jealous and resentful nationality which should separate the working class of the community from the possessors of wealth and employers of labour... (quoted in Milner 1973:ix).

The radicalization of workers was in fact forestalled by the Catholic Church's comprehensive control of the French Canadian schools, political organizations, and press. Systematically opposing the "alien values" of urbanization and industrialization while permitting the substance of these processes to develop unhindered, Quebec's ecclesiastical regime generated a steadily widening tension between culture and economy. As Anglo-American investment was increasingly attracted by Quebec's combination of abundant natural resources, cheap labour,

and proximity to large markets, the vision of a rural conservative Catholic *patrie* so assiduously propagated by the Church became progressively anachronistic and hence problematic as an effective tool of socialization. A measure of the Church's difficulty can be seen in the fact that by 1901 40 percent of the Quebec population was already living in cities, and that by 1941 this figure had risen to 63 percent, the highest level of urbanization in Canada (Trudeau 1956:4). Fear of the inevitable social tensions inherent in their parishioners' proletarianization elicited increasingly shrill exhortations from the Catholic hierarchy. Typical of these was Monseigneur Bruchési's 1903 appeal to Quebec workers concerning social inequalities:

> To claim to ban from the world this inequality or to revolt against it would be a chimera... What God has decreed, what Christ has maintained, men will not change one iota. His creatures until the end of time will be divided into two great classes, the class of the rich and the class of the poor... We counsel workers to submit to their condition patiently, their eyes turned toward heaven. (quoted in ibid.: 63)

Realizing that such an approach would not be sufficient to stem the inroads of U.S.-based international unions (active in Quebec even before the turn of the century), the Church sponsored the establishment in 1921 of the Confédération des Travailleurs Catholiques du Canada (CTCC), a "righteous" alternative for Québécois workers unable to resist the temptations of unionization. With a priest at the head of each local, the CTCC enjoyed an official approval which enabled it to quickly garner the major share of Quebec's slow but steady union growth after World War I. By 1932, of the 11 percent of industrial workers in Quebec belonging to unions, 59 percent—or 25,000 members—were affiliated to the CTCC.

However, though the CTCC initially achieved the Church's goal of preventing the emergence of a secular, class-conscious, "anti-national" labour movement, the basic crisis engendered by the Church's continuing attempt to propagate an outmoded culture and political ideology continued to emerge inexorably, a fact reflected in the eventual recovery of international union recruiting—by 1951 the CTCC's membership of 88,000 constituted only 34 percent of Quebec unionists—and in the gradual disaffection of the CTCC itself. In an effort to refurbish nationalism as a device of effective mass mobilization against this erosion of its power, the Catholic hierarchy in the late 1920's and 1930's tacitly approved sympathetic Quebec politicians' flirtations with the rising fascist ideologies of Europe.

During this period a variety of quasi-fascist movements arose in Quebec espousing authoritarian "corporatist" solutions to the Quebec malaise. Some, like the secretive Ordre Jacques Cartier, sought to infiltrate the leadership of designated "key" institutions, while others, most notably Adrien Arcand's Parti National Social Chrétien, openly expressed agreement with Germany's Nazi movement. But the quintessential practitioner of the new authoritarianism was Maurice Duplessis, who became Premier of Quebec in 1936 at the head of a newly-formed conservative/breakaway-Liberal coalition called the Union

Nationale. Taking his cue from the preceding corrupt Liberal administration of Louis Tachereau, Duplessis added ample use of porkbarrel patronage tactics to his party's platform of Catholic authoritarianism, and in the process fashioned a formidable political combination which—with the exception of 1940-44—kept his party in power until 1960 (with Duplessis remaining *Le Chef* until his death in 1959). That the Union Nationale's open-doors, union-busting, minimum-royalties policies toward multinational corporations contradicted the party's vote-getting warnings against big capitalism on the hustings reflected both the political skill of Duplessis and the enduring nature of the post-1760 compact between conqueror and conquered which conceded the commanding heights of the economy to the former in exchange for the socio-cultural autonomy of the latter.

But blatant recourse to ballot-box manipulation and heavy-handed repression of dissidents (through means such as the 1937 Padlock Law which empowered the provincial government to close down any premises used for undefined "communist" purposes) failed to obscure the gradual spread of Québécois' discontent with the Salazarist-backwater fate consigned to them by Duplessis and the Catholic Church. Helping crystallize and articulate this discontent was a small group of critically-minded social scientists at Laval University headed by Dominican priest George-Henri Lévesque. By the end of World War II Laval graduates such as Jean Marchand were attaining leadership in the CTCC and other unions and reorienting them toward greater assertiveness of labour's interests. Thus by 1942 the CTCC began edging away from its Catholic affiliation, deconfessionalizing the leadership of locals. Sensing that the Church's own interests would one day be compromised by an overly close association with the Union Nationale and that the doctrines of Christianity were not credibly served through such an alliance, some priests pressed for a more sympathetic Catholic attitude toward the nascent labour movement, but most of the hierarchy continued to take a hard-line attitude.

The shifts occurring within Quebec's political constellation were highlighted in 1949 when—reflecting both his eagerness to foster a provincial climate conducive to business and his fear of the long-term secularizing, radicalizing impact of unionism—Duplessis attempted to curb union growth through particularly severe labour-code restrictions. This move brought about a common front between the CTCC and the international unions, and provoked misgivings from the Church, in turn forcing Duplessis to withdraw the measure. Later in the same year, under the activist leadership of the CTCC's new president, Gérard Picard, asbestos workers struck the American-owned Johns-Manville Company in what quickly became an epic test of strength between Quebec's old-style regime and a labour movement seeking collective bargaining guarantees of the type already secured elsewhere in North America (see Trudeau 1956). Brutal intervention by the Duplessis government against the workers prompted a total disavowal by the Catholic Archbishop of Montreal and compelled unprecedented coverage by the previously intimidated French-language media. Though Duplessis eventually won several crucial aspects

of the asbestos struggle, any elements of victory were pyrrhic, for the confrontation further politicized the unions and created division within Quebec's ruling alliance.

The 1950's saw a series of additional confrontations, each one heightening the politicization of labour and the disaffection of both church and business with Duplessis' authoritarianism. By decade's end, the unions' cries for unfettered collective bargaining rights and the extension of basic social services were finding an increasingly sympathetic hearing from a church concerned about its weakening influence on workers and from a business community seeking to integrate Quebec more harmoniously into the general North American framework of advanced capitalism. The commonality of these perspectives—a desire for *rattrapage*, i.e. a rapid "catch-up" modernization of Quebec—provided the basis for the provincial Liberals under Jean Lesage to build a reformist coalition (including Radio-Canada journalist René Lévesque, himself politicized by involvement in a 1959 broadcasters' strike) which swept to power in the 1960 election.

The ensuing transformation of the Quebec economic and social infrastructure, known universally in Quebec as the Quiet Revolution (early and mid-1960's), included a significant reduction in the official harassment of unions and a complete severing of church ties by the CTCC, which renamed itself the Confédération des Syndicats Nationaux (CSN) in 1961. The two other principal union centrals to emerge during this period were the internationally-affiliated Fédération des Travailleurs du Québec (FTQ)—formed in 1957 in the wake of the AFL-CIO merger in the United States and parallel establishment of the Canadian Labour Congress—and Quebec francophone teachers' central, the Corporation des Instituteurs et Institutrices du Québec which deconfessionalized itself in the 1960's under the name of Corporation des Enseignants du Québec, later the Centrale de l'enseignement du Québec (CEQ). All three centrals enjoyed rapid growth during the Quiet Revolution, with membership between 1960 and 1968 rising from 95,000 to 215,000 in the case of the CSN, 100,000 to 215,000 with the FTQ, and 12,000 to 68,000 in the CEQ (Milner 1978:177). Overall, union membership in the period increased 7 percent more quickly than the province's quickly-growing labour force: by 1968 39.1 percent of Quebec's workers were organized (Ethier 1975: 20,22).

The most spectacular growth occurred in the CSN and CEQ (much of the FTQ's expansion merely consolidating already organized workers). This in turn was in large part a result of the Lesage government's extension of collective bargaining rights to workers in the rapidly expanding public sector. A prohibition of public sector union affiliation with political parties militated against public sector recruitment by the FTQ, as the latter was linked through the Canadian Labour Congress to the New Democratic Party. The CSN and CEQ accordingly gained the upper hand, with the result, for example, that 106,000 of the 120,000 members recruited by the CSN between 1960 and 1968 came from Quebec's swelling public service ranks (Milner 1978:177).

At the outset of the Quiet Revolution, Quebec's unions exhibited a fervent optimism that Lesage's modernization policies would reduce the province's high unemployment levels (14 percent of the labour force was jobless in the winter of 1960) and widen economic opportunities for the francophone majority who, according to a 1961 survey of male salary and wage earners in Quebec based on an average labour income indexed at 100, earned only 91.8 as opposed to the 142.4 earnings of workers of British origin (Canada 1970:23). Fuelling this optimism was the amalgam of reform and nationalism articulated by the Liberals—"Masters in our own house" was the party's 1962 re-election slogan—which seemed to imply an activist intervention in the economy by the Quebec state to redress the full spectrum of economic, social, and cultural grievances of francophone workers (e.g. the language-of-work issue with its attendant implications of social mobility).

However, by the mid-1960's it was becoming clear that Lesage's modernization program, while including such popular measures as the introduction of various long-overdue social services (previously opposed by the Catholic Church as an intrusion in the parochial domain), was facilitating rather than stemming external control of the Quebec economy, and that this satellization was in turn contributing to declining growth in Quebec's labour-intensive manufacturing sector and accelerating growth in the capital-intensive, minimum job-return resource-extraction sector—a tendency which continued during the ensuing Union Nationale regimes of Daniel Johnson (1966-68) and Jean-Jacques Bertrand (1968-70).

The consequences of this shift became apparent when the general economic recovery which coincided with the Quiet Revolution slowed, revealing a failure by Quebec to generate a sufficient number of new jobs in the crucial manufacturing sector. The dimensions of this failure can be seen in a comparison with the neighboring province of Ontario: during the years 1961—65 the rate of growth of Quebec's manufacturing industry was only 9.3 percent as opposed to 21 percent for Ontario. Had Quebec's growth rate equalled its neighbor's throughout the 1960's, the province would have gained 100,000 new jobs in the manufacturing sector, not to mention additional jobs in services and other sectors through the "multiplier" effect (CSN 1972:135). In the context of Quebec's rapidly growing labour force—which by the end of the 1960's was adding 75,000 new workers a year in one of the industrialized world's highest per capita growth rates—this failure to produce a greater number of new jobs in such a key sector had a major detrimental impact on Quebec's structural unemployment.

In conjunction with the continuing migration of rural and small-town job-seekers to metropolitan areas, the failure to generate secondary sector employment had the further effect of exacerbating urban poverty: by 1966 the Montreal Labour Council estimated that 58.4 percent of that city's population lived in poverty—the poverty line being defined as 1966 earnings of less than $5,000 for a family of four or $2,500 for singles (Jauvin 1971:35). In 1967 the Health Service of the City of Montreal estimated that 44 percent of the city's families had a

deficient diet, with 20 percent of the children not learning to speak until after the age of three years, and 20 percent of the children being below normal size and weight (ibid.: 41). The housing situation became correspondingly grave: the 1961 census indicated that 86,000 dwellings in Montreal were overpopulated; by 1970, despite a large population increase, only 2,238 low-rent dwellings had been constructed by the city—as opposed to the estimated 70,000 needed during that period (*Canadian Dimension*, Dec. 1970:39). An indication of the city's resultant malaise was offered by a 1970 municipal health department report on death rate differentials between Montreal's wealthier and poorer areas:

Table 4. Death rates per 100,000 persons, due to selected causes in two areas of the City of Montreal, 1970.

Cause of death	Northern area (wealthier)	Southern area (poorer)
Cancer	129.8	275.1
Diabetes	12.8	37.1
Stroke	53.1	94.6
Coronary and other heart disease	234.5	464.2
Accident	31.4	53.4
All other causes	120.3	247.4
Total death rate	581.9	1171.8

Source: Siemiatycki 1974:16.

In addition, the rapid expansion of public services during the Quiet Revolution and the concomitant acceleration of state expenditures placed growing tax burdens on Quebec workers. Between 1961 and 1970, for example, Quebec government expenditures as a percentage of Quebec's gross national product rose from 17.99 percent to 31.84 percent (Lemoine 1973:65). (The growing preeminence of the provincial arm of the state is indicated by the fact that while federal government expenditures doubled during the period 1961—70, provincial government expenditures during the same period quadrupled, so that by 1970 provincial spending outstripped federal spending in Quebec by a margin of $4 billion to $3 billion.) (Milner 1977:112) As the aim of this state expansion was to strengthen the Quebec economy through increasing direct and indirect support for the private sector, the burden of financing this support fell increasingly on the only other shoulders remaining: those of the individual taxpayer. Thus, between 1961 and 1970 corporate tax revenues increased by 47 percent while the sum of tax revenues paid by individuals increased by 905 percent. Including revenue from sales taxes (the bulk of which are paid directly or indirectly by individuals as consumers), the net result was that between 1961 and 1970 the corporate share of Quebec's total tax revenues declined from 23 to 10.8 percent while the share paid by individual citizens rose from 68 to 86 percent (Lemoine 1973:69).

With Quebec's economic satellization having rendered the growth of manufacturing industries problematic, the Liberal regime of Robert Bourassa (1970–6) opted for a strategy of subsidizing large-scale extraction of natural resources for export as a means of generating increased profits, consumption of goods and services, and employment–notwithstanding the characteristic capital-intensity of such primary-sector development. The most spectacular manifestation of this accelerated-extraction approach was the mammoth James Bay project, wherein over $10 billion were raised to divert the flow of certain northern rivers in order to produce hydro-electric power for export. The steady rise in the government's fiscal outlays on such projects in turn had the effect of forcing the government to reallocate its revenue and expenditure patterns so as to simultaneously raise individual taxation and enforce severe restraints on public sector salaries and individual transfers, thereby freeing more capital for resource-extraction support. (Such salaries and transfers constituted the provincial government's second and third biggest spending items respectively at the beginning of the 1970's.)

5.2 The accentuation of working-class consciousness

Given this nexus of satellization, chronic unemployment, and escalating tax burdens on the work force, one might logically expect an increasing politicization of Quebec's workers in both the province's fiscally-pressed public sector and economically-vulnerable private sector. Such in fact was the case by the early 1970's–i.e. in response to the aforementioned pressures, a significant and growing minority of Quebec workers came to explicitly identify themselves as members of an exploited class whose interests are separate from and opposed to the interests of industrial owners and their government supporters.

One level of data indicating the growth of labour militancy in Quebec during this period is found in the incidence of strikes and expressions of labour sympathy for political violence. With reference to strikes, the number of work-days lost in Quebec through strikes and lock-outs increased from 207,240 days in 1960 to an annual average of 1,473,000 days in the years 1966–70. Especially volatile in this regard was the public sector, which accounted for over 60 percent of the workers involved in Quebec strikes and lock-outs between 1965 and 1971 and over 40 percent of lost work-days during that period (Ethier 1975:25–6).

With reference to political violence, the data is less direct but no less revealing. Between 1962 and 1972 there were, for example, eighty-five separate bombing incidents in the province, of which eighteen involved factories and corporate offices–several of the latter coming during strikes and other labour disputes (Laurendeau 1974:213–221). There is no evidence to suggest that any labour unions were involved in the perpetration of this violence, nor is any such link being suggested here. What can be documented, however, are expressions of growing

union sympathy with the frustrations of those expressing violent dissent with Quebec's political-economic status quo.

Thus, for example, the October 1970 kidnappings of British Trade Commissioner James Cross and Quebec Minister of Labour Pierre Laporte by the Front de Libération du Québec (FLQ) and the subsequent television broadcast of the FLQ's manifesto (which denounced "the corporations which exploit the working people" and "the aggression organized by high finance through the marionettes of the federal and provincial governments") evoked sympathetic responses from two regional Central Councils of the CSN. Michel Chartrand, president of the CSN's Montreal council, articulated this response by asking: ". . . Who's scared of the FLQ? Are the workers terrorized by the FLQ? . . . The only people afraid of the FLQ are those who should be scared—the power elite" (quoted in Milner 1973:205). While disavowing terrorist tactics, both the Montreal and Laurentian CSN Central Councils endorsed the FLQ manifesto, as did Montreal's union-backed municipal opposition party, the Front d'Action Politique. When the federal government subsequently suspended Canadian civil liberties for six months under terms of the War Measures Act and rushed over 7,500 soldiers into Quebec (moves which were followed by the FLQ assassination of Labour Minister Laporte), the leaders of Quebec's three largest union centrals, the CSN, FTQ and CEQ, joined the leaders of the farmers' Union des Cultivateurs Catholiques and the Parti Québécois to denounce "the almost rigid military atmosphere that we can discern in Ottawa" (quoted in *Canadian Dimension*, December 1970:6).[12]

In similar fashion, when a prolonged strike against the Montreal daily newspaper *La Presse* erupted into street violence in October 1971 involving ten thousand demonstrators battling with police and resulting in the death of a demonstrator, leaders of the CSN, FTQ, and CEQ voiced their support for further confrontations if these proved to be necessary. Typical was the comment of FTQ president Louis Laberge, who declared before a rally of 14,000: "We give serious warning to the wealthy and to the established powers that this first victim might be followed by others, but in future the victims won't only be on our side" (quoted in Chodos 1972:100).

A *second level* of data indicating the growing radicalization of the Quebec labour movement during this period is to be found in the shifting political patterns within the union centrals. The ideological evolution in this connection was unmistakably towards a working-class consciousness. In the case of the FTQ, though this tendency was not as pronounced as in the other centrals, an important—and rapid—transformation was evidenced in leadership declarations. As late as 1969 federation president Laberge had warned that political involvement by organized labour would "pervert unionism and provoke its destruction" (quoted in Tremblay 1972:150); similarly, in early 1971 Laberge stated: "I'm a practical guy, not a dreamer. I believe in evolution not revolution . . . and while I don't agree with the present system, I don't want to destroy it" (quoted in Chodos 1972:101). By November 1971, however, Laberge's tone had changed:

Whatever model of society we're looking for, we now know that the one we have in Quebec, generally in North America, is not made for us. We have examined the political and economic machine which is trying to demolish us, and we have come to the conclusion that there is nothing we can expect from its good will. We now have to fight with the ardour of the original trade-union militants . . . the origins of our roots, when trade unionism's liberating goal was global.

The worker is not composed of detached pieces. If he is a slum dweller, an exploited consumer, a citizen faced with anti-democratic powers or a tool of production exhausted by an employer and thrown out onto the pavement, he's still the same man, and it's he as a whole that must be liberated. . .

The definition of all the particulars of the society we want to build is less urgent than the development of a strategy for smashing the present system, a system which does not permit and never will permit all the reforms needed to build a veritable 'just society'. (quoted in ibid.: 101–2)

Also by the end of 1971, a new tone in the central's manifestos had emerged, with the Twelfth Congress of the FTQ endorsing the manifesto, *L'Etat, rouage de notre exploitation*, in which certain implications of class conflict were alluded to:

Unemployment presents itself as one of the most visible and cruel forces of the exploitation by imperialism and external domination in Quebec. . . Only control of the surplus would permit the economy to be oriented in terms of Quebec's needs . . . Capitalism can never re-establish any sort of equilibrium. And we who suffer the consequences . . . must correct the situation. (FTQ 1971:128)

Elaborating these implications, a 1972 FTQ manifesto declared that "all the means of production are in the hands of a few owners who use them only for their own priority, maximum profit" and that workers "must take control of the means of production. . . to liberate us from this prison that work now constitutes" (quoted in Milner 1973:208–9).

During the same period and in parallel fashion, the CEQ—the union central representing most of Quebec's francophone school teachers—moved from white collar professional assumptions to an explicit class-analysis of Quebec's malaise and the role of teachers therein. In October 1971 the CEQ's new self-definition as proletarian was outlined in a "white paper":

The teacher is proletarianized. He is a wage-earner from whom one purchases his capacity to produce at the ideological level, telling him what to say and how to say it, what to do and how to do it . . . This process of debasement . . . is not . . . a voluntary plan by identified persons, but rather the implacable logic of a system which concentrates all the means of decision and action in the hands of a small group of private owners of the means of production. . . (CEQ 1971:15)

In the summer of 1972 an additional CEQ manifesto entitled *The School in Service to the Dominant Class* called for a "fight for radical change in social relations and against the enemy of the workers, the capitalist system." Similarly, in December 1973 CEQ president Yvon Charbonneau, dismissing Quebec's parliament as "a caricature" and declaring that Québécois "are bludgeoned, as workers and as consumers, by foreign and other capitalists", called for the "liberation of Quebec workers" (CEQ 1973:1–3).

But perhaps the most significant manifestation of the radicalization of the Quebec labour movement was evidenced by the CSN. By the mid-1960's, the CSN's positive attitude toward the provincial government was changing in response to a hardening economic climate, a slowdown of government ardour for social reforms, and the reintroduction of various restrictions on the right to strike in the form of *lois d'exception* aimed particularly at public sector employees (le Borgne 1976: 23–25). The resultant process of self-reevaluation was epitomized by CSN president Marcel Pepin's candid acknowledgment in 1968 of organized labour's need to widen its critique of the state and economic system:

> . . . Everywhere in the world, unionism is considered to have aged and become bourgeois. What is sure is that it is no longer in the avant-garde of movements of social transformation. . . I am strongly of the opinion that all working people expect from the union movement defense and protection against all those who exploit them in favor of a social and economic regime, which permits and even encourages this. (CSN 1970: 151–152)

The role of the state as an enforcer of corporate interests was a theme pursued with increasing vigor by the CSN in the following four years—a period marked by growing conflict between the CSN and the Quebec government over the wage-levels and unionization rights of public sector workers. Out of this conflict emerged a deepened CSN critique of the state rooted in a class-analysis of Quebec society exemplified by the CSN manifestos of September and October 1971. *There is No Future for Us in the Present Economic System* and *Let Us Rely Solely on Our Own Means:*

> American imperialism has confined Quebec capitalists to the least lucrative sectors. . . To compensate for their weakness in the face of the American giant, Quebec capitalists called the State to their aid. This was the origin of 'maîtres chez nous' which will be realized only when it is true for everybody, instead of a slogan to hide the leftover privileges for the owning class of Quebec. . . From now on Québécois workers know they cannot count on national capitalists nor on a government at the service of the capitalists or the imperialists. Québécois workers also know that their labour is the real backbone of Quebec's wealth: a mine shaft is worth nothing without the miners' work. But it is the workers who pay for all the defects of capitalism: unemployment, inflation, work insecurity, lack of housing, of hospitals, of schools, of old people's homes, gaps in the distribution of food, clothing, leisure services, etc., etc. The fundamental cause of this state of things is simple: the workers do not own the factories in which they work. (CSN 1972: 123, 159, 161)

This explicitly class-conscious analysis—which concluded with a call for "the replacement of the present system which is dominated by the bourgeoisie by a classless society, that is, an economic system controlled by the workers of this society" (ibid.: 173)—was formally endorsed by delegates at the June 1972 congress. What makes such endorsation particularly revealing from a sociological viewpoint is not only the fact that of the three major union centrals in Quebec the CSN was the most occupationally-diversified, but also that the CSN's decision-making structure was the most open and democratic i.e. the structure least amenable to dictation from the central's leadership.[13]

That an emergent class consciousness was reflected in a certain segment of

Quebec workers by the early 1970's is further suggested by a *third level* of evidence: the "Common Front" strike of early 1972. The basic background to this strike was that, following a stalemate in negotiations between the provincial government and the CSN-CEQ-FTQ "Common Front" representing 210,000 unionized public sector workers, the Common Front unions voted 75 percent in favor of strike action, which began on 11 April (CSN-CEQ 1979:185). Fearing that union demands for $100 per week minimum wages (the poverty level for a family of four according to the Canadian Senate's Poverty Report) and strengthened job-security guarantees would create a dangerous precedent for the private sector (a point made by Quebec's finance minister), the Liberal regime of Premier Robert Bourassa attempted to force the strike to an end by imposition of Bill 19, a dictated wage "settlement" which included substantial fines against union locals and individual workers that did not immediately return to work. With insufficient time to poll the strikers for their response (of the 80,000 polled, 55 percent voted to disobey Bill 19 even at the risk of suffering heavy legal penalties) and in view of the state's determination to impose draconian sanctions, the three presidents counselled workers to return to their jobs (loc. cit.). Seventeen days later, Marcel Pepin, Yvon Charbonneau, and Louis Laberge—the presidents of the CSN, CEQ, and FTQ—were sentenced on 8 May to one year in prison for their role in having encouraged Hydro-Quebec strikers to disobey a back-to-work court injunction.

Within a day, workers across the province were reacting massively and angrily to their three leaders' incarceration. A spontaneous general strike quickly erupted, involving not only the 210,000 public sector workers but also tens of thousands of other workers—including, significantly, unorganized workers as well as union members. A wide spectrum of institutions was involved, ranging from automobile factories to schools. The strike lasted 10—17 May 1972, gathering momentum to the point that several towns were physically taken over by workers. Typical of these was the mining town of Sept Îles (population 27,000) on the north shore of the St. Lawrence River, where workers (having, incidentally, one of the highest wage levels in Canada at the time) closed the town's port on 10 May, barricaded all highways, seized the airport, closed down all "non-essential" businesses, and took over the local radio station. A Canadian Armed Forces airlift of police the following day lifted the road barricades and reoccupied the radio station, though the mayor ordered the police out of the station at the day's end in response to a request by the town's principal union—the FTQ affiliate of the United Steelworkers of America—"that the workers may continue to use it to inform the population" (quoted in *Last Post*, July 1972:26). Despite the military/police intervention, the town remained closed down and under worker control until 17 May, when the CSN-CEQ-FTQ Common Front called a province-wide truce in order to facilitate the reopening of negotiations with the government (which by this time was modifying its hardline position). In all, ten towns were taken over by Quebec workers in this manner: Saint Jérôme, Sainte Hyacinthe, Joliette, Mur-

dochville, Sept Îles, Hauterive, Thetford Mines, Lévis, Baie Comeau, and Sorel (*Solidaire* 1972; CSN-CEQ 1979:187).

Virtually every sector of the society was touched by the May upheaval: newspapers and television stations were struck, 23 radio stations were seized by workers, hospitals were taken over (and in the case of the Albert Prévost Psychiatric Hospital in Montreal a worker council involving non-medical and nursing staff as well as physicians assumed formal administrative control, proclaiming "North America's first liberated hospital"), the entire construction industry of the province shut down, multinational corporations' factories (e.g. General Motors in Sainte Thérèse and Uniroyal in Saint Jérôme) were closed by worker walkouts as were many other institutions ranging from large "chain" food stores to universities to lumber mills (Chodos 1972). Indeed, in terms of proportional and sectorial involvement, Quebec's May 1972 Common Front Strike ranks as the most effective general strike in North America in this century.

The significance of the strike as a barometer of tendencies toward working-class consciousness in the early 1970's is indicated by several facts: (a) it occurred virtually spontaneously and was occasioned by frequent articulations of class consciousness—epitomized by the "worker bulletins" and "music of the resistance" aired on the occupied radio and television stations (Lauzon and Marchand 1973); (b) white-collar as well as blue-collar workers, and private sector as well as public sector workers, participated; (c) workers in prosperous regions as well as economically depressed regions took part in the strike action; (d) despite major attempts by government, business, and the mass media to encourage workers to quit the Common Front in favor of a newly-formed, less militant breakaway central called the Confédération des Syndicats Démocratiques (CSD), Common Front solidarity remained intact for the conflict's duration, with only 19,000 workers in the entire province leaving the Front at that time to join the CSD (Chodos 1972:140).

In addition to the general economic factors which constituted the basis for the increase in Quebec workers' militancy in the early 1970's, several *non-economic factors* were important contributory elements. The *first* of these was government repression (e.g. the Common Front jailings in 1972). In this connection, a relationship between the utilization of strict legal sanctions for social control and the creation of foreign-investor confidence in Quebec is indicated by the findings of a survey of American and Canadian investor attitudes to Quebec conducted by Fantus, a Chicago consultant subsidiary of the New York brokerage firm Dun and Bradstreet. The survey, commissioned by the Bourassa administration in 1970, reported that Quebec's jobless rate is actually an attraction to investors: "... The unemployment rate in Quebec is probably the highest of any province in Canada. This tends to keep wages low" (quoted in Isacsson 1973:14). On the other hand, Fantus reported there was growing investor distress at the increased militancy of Quebec's labour unions—the latter being variously described by the investors interviewed as "very militant", "too active politically", "very

dangerous", and "very socialistic" (quoted in ibid.: 15). To remedy this situation and retain Quebec's investment inflow, the interviewees called for stricter labour regulations, "elimination of the radical nationalist groups", "better control on extremist movements", and "stricter law enforcement to ensure respect for authority" (quoted in loc. cit.).

While the hypothesis that the mounting repressive sanctions against labour during this period reflected a specific effort to implement the Fantus report's findings cannot be documented, the systematic nature of the ensuing repression and its politicizing effects were noted succinctly in a statement issued by the CSN, CEQ and FTQ from their prison cells at the height of the Common Front strike:

> Within the current union conflict, there is an over-riding social struggle. The Liberal establishment . . . has chosen the clubbing of workers as its trademark . . . This government, as an employer, covers before its real 'boss', the private sector . . . Repression turns a simple panic into a battle, a participant into a combattant, a diverse group of individuals into a force of solidarity . . . and finally, it obliges everyone to choose sides. (quoted in Chodos 1972: 133–4)

Four years later (1976) CEQ president Yvon Charbonneau stated his belief that the prospects of future economic uncertainty would generate further repression:

> What has happened at the negotiating tables of the public sector is happening in other domains also. I think there is a rise of authoritarianism. . . which is the corollary of a great loss of credibility. When they are no longer able to impose themselves morally, all they can do is pound their fists on the table and provoke crises. . . This government that we have does not really govern; it is manipulated, it is the marionette of the economic conjuncture, of inflation, or of financial constraints. . . All this means that in order to seem to govern, the government must make noise to try to impress people. . . This manifests itself in negotiations, in certain laws, in a general strategy. There is definitely a rise of authoritarianism. (quoted in Dupont and Tremblay 1976:135)

A *second* significant non-economic factor stimulating a heightening of working-class consciousness was the organized political education campaigns undertaken by the union centrals. The CSN, CEQ and FTQ all gave wide distribution to their manifestos and general critiques of the Quebec economic and social structure (e.g. the FTQ's *L'Etat, rouage de notre exploitation*) as well as specialized critiques of specific institutions (e.g. the CSN's analysis of the mass media's discussion of labour affairs, *La Grande Tricherie*), with various public forums being organized to discuss the issues spotlighted therein. In the CSN and CEQ, these techniques were augmented by comprehensive political education courses. In the case of the CSN, for example, a School for Militants was organized in 1968 at which selected members would be trained as *formateurs* to teach regional training courses for political education teachers who in turn would teach courses at the factory level, and by 1971 as many as 12,000 formateurs were being trained annually—up from 240 in 1968–69 (Lipsig 1972:21).

A *third* contextual factor promoting labour radicalization was the rise of a Quebec nationalism focused critically on those institutions perceived to be instrumentalities of Quebec's colonization, for, as noted earlier, the paralleling (in at

least some degree) of ethnic and economic divisions has increasingly had the effect of stimulating popular critical awareness in Quebec. (The continuing intensity of ethnic, "anti-colonial" sentiment in Quebec was reaffirmed by the findings of a 14–20 May 1977 Toronto *Star* survey of Quebec indicating that 53 percent of Quebec citizens believe that English-speaking Canadians consider French-speaking Canadians to be inferior.) As Michael Hechter (1975:42) has noted in a study of Celtic nationalism, ethnicity in this context can have the effect of facilitating intra-group communication and mass political consciousness:

> . . . The aggregation of individual perceptions of economic inequality alone is insufficient for the development of collective solidarity. There must be an accompanying social awareness and definition of the situation as being unjust and illegitimate. Oppression by itself can, of course, if severe enough, precipitate random violence against the social system . . . but this is not the result of the attainment of group consciousness and hence lacks the organization and purposefulness to achieve effective ends.
>
> Thus another vital condition for the advent of collective solidarity is adequate communication among members of the oppressed group. Communications within collectivities generally occours within the context of social institutions: neighborhoods, workplaces, schools, churches, . . . clubs, and the host of voluntary associations to which individuals may typically belong. To the extent that these contexts for social interaction are limited to members of a group sharing the social definition of an ethnic minority, the possibilities for intercommunication will be maximized.

Clearly, though, correlations between class and ethnicity do not in themselves guarantee the emergence of a socially-critical, left-wing nationalism. Indeed, the emergence of a socially-conservative nationalism is at least as likely. What seems to tip the scales one way or the other are additional political factors. In the case of Quebec, it would appear that a crucially important political factor in this connection was the conjuncture of ideologies caused by the longevity of conservative Catholic ideological dominance. Put more precisely, this conservative dominance until the Quiet Revolution seems to have limited the impact of North American liberalism on the political consciousness of Québécois, and the abrupt collapse of this dominance in the early 1960's in turn had the effect of leaving a relative ideological vacuum in Quebec—a vacuum quickly filled in part by various anti-capitalist and national liberation perspectives resurgent in much of the world in the mid- and late-1960's. (The rapidity of Quebec's ideological transformation in the 1960's was epitomized by the precipitous decline in the influence of the Catholic Church: in the Diocese of Montreal, for example, the percentage of the population actively practising Catholicism—as defined by attendance at Masses—declined from 65 percent in 1961 to 50 percent in 1967 to 30 percent in 1971. Among the younger population, i.e. the 15-to-35-year-old age group, this figure declined to 12 percent.) (*Québec-Presse:* 3 Nov. 1974.) Had the Duplessis regime collapsed a decade earlier, it is quite likely that liberalism would have gained a firmer hold in Quebec than it in fact did, and the resulting ideological ambience in Quebec would not have been so propitious for the aforementioned labour-radicalization process.

Leggett has suggested (1968:11–12) that an *additional factor* conducive to the accentuation of working-class consciousness in societies such as Quebec is the pattern of regional migration and sectorial mobility:

> The uprooted have difficulties in adapting readily to the needs of a modern industrial labour force. Their few saleable skills, their lack of formal education, their commitment to agrarian values, indeed, their initial gullibility, place them in positions where they may be exploited by employers. When uprooted employees are treated in this manner, and when they couple these experiences with similar circumstances that drove them out of agrarian regions, they acquire a propensity to express class opinions. This tendency finds its fullest expression when workmen move to an industrial town whose working class has effectively confronted employers on matters of pay and production and has consequently created a class frame of reference for the working class as a whole. The uprooted in industrial towns such as ... Montreal ... thus express a high degree of class consciousness.

A final factor was the rivalry between Quebec's labour centrals—particularly between the CSN and FTQ. This rivalry injected a degree of inter-union competition which, in the socio-economic context of Quebec, obliged union to outbid union in relevant analyses of and political responses to worker grievances. Considerations of recruitment in effect served as a propellant for ideological radicalization. This was especially evident in the FTQ's concern not to be outflanked by the more radical CSN.

5.3 Labour and the Parti Québécois

The rise of *indépendantiste* nationalism and the Parti Québécois in the late 1960's and early 1970's evoked increasing attention and sympathy from the Quebec labour movement. The historic issues of language-of-work and ultimate assimilation by non-francophone immigrants were asserted with more urgency than ever, with the majority of immigrants affiliating to Quebec's anglophone minority as a means of enhancing their mobility across North America and their mobility within a Quebec economy predominantly anglophone-managed and English-language on production lines. Labour's concern in this respect was rooted in both Québécois nationalist sentiment and workers' fear of job-competition in the context of Quebec's chronic unemployment. In addition, organized labour's desire for major economic and social reforms logically implied support for a left-reformist party at the very least, and in the absence of a labour party, the Parti Québécois became the political beneficiary of this support. Moreover, as the bitterness and acrimony between labour and the Bourassa regime deepened in the period 1972–76, union support for René Lévesque and the PQ became firmer. Hostility to Bourassa also had the effect of healing much of the strident interunion conflict which resurfaced after the 1972 Common Front settlement.

On the fundamental question of Quebec independence, however, organized labour remained ambivalent, with the only central to formally endorse the PQ in the November 1976 election—the FTQ—studiously avoiding pronouncement on

the independence issue. Despite such ambivalence, massive electoral support was given to the PQ by all three major centrals—providing the PQ with its margin of victory in the opinion of some observers—and the PQ's victory was enthusiastically welcomed by the labour movement as a whole. Largely in repayment for this support, the Lévesque regime granted a series of union demands (including a ban on the use of strike-breakers) in amendments to the province's labour code in 1977 as well as other measures such as raises in the minimum wage level.

While bringing an immediate improvement in the general climate of labour relations, the accession to power by the Parti Québécois has also produced new challenges to the labour movement. First, the mobilization of public debate over the forthcoming independence referendum has effectively pre-empted public interest in labour issues. In the second place, the new government's initially sympathetic attitude to labour removed the focus of hostility which provided much of the basis of both Common Front cooperation between the CSN, FTQ, and CEQ and rank-and-file support of union militancy. In general, the FTQ—now the largest of the centrals (with 285,000 members as opposed to the CSN's 180,000) (*Financial Post*: 25 Aug. 1979)—has emerged as a firm supporter of the government. The more radical leadership of the CSN and CEQ has faced challenges from pro-PQ elements—in the case of the CEQ, this process contributed to the defeat of president Yvon Charbonneau in 1978 and his replacement by the more conservative Robert Gaulin—and while the ideological line of these two centrals' early-1970's manifestos retains formal status, a noticeable political quiescence had fallen over union memberships by 1978. Reinforcing this quiescence is an altered public climate: the labour struggles of the early 1970's and their critical portrayal by the mass media have generated a considerable anti-union backlash in public opinion, with a 1977 poll by the Centre de Recherche sur l'Opinion Publique indicating that 54 percent of the Quebec public believe that unions have too much power, and that 84 percent desire restrictions on public sector workers' right to strike (*Financial Post:* 29 Oct. 1977). Some observers also argue that union militancy is likely to be sapped by diminishing pressure for new jobs as a result of demographic trends through the 1980's: the Economic Council of Canada predicts that Quebec's 1975–85 working-age population growth rate will be only half the 1965–75 growth rate, and that in the mid-1980's the growth will have ceased altogether (ibid.: 19 Nov. 1977).

Moreover, a host of problems at the union level also act as restraints on any immediate extension of the labour politicization and consequent emergence of working-class conciousness found in the early 1970's. First, there is the current disarray among unions—both leadership and rank-and-file—over the as yet unresolved issue of Quebec independence. Thus in the CSN, for instance, while a paper on the national question distributed to the central's entire membership in the summer of 1979 lays great emphasis on what it terms the "national oppression" of Quebec workers since the Confederation of Canada in 1867, the PQ's alternative of "sovereignty-association" is also criticized, and in the end, no definitive posi-

tion one way or the other is taken with reference to the independence issue—an ambivalent note prudently struck in deference to the continuing disagreement among CSN members over the issue (*Sun:* 25 Aug. 1979). A second major problem is the on-going high proportion of the working-class remaining outside of the union movement. By 1979 only 37 percent of the Quebec labour force were unionized—down from a high of 42 percent in 1971. Perhaps more significantly, the high level of public sector unionization often obscures the fact that only 20 percent of private sector workers are affiliated to unions (*Financial Post:* 9 June 1979).

According to the FTQ, the province's labour code continues to pose major obstacles to union organizing efforts in single-establishment businesses. This is a particularly important problem in light of Quebec's relative lack of larger businesses (Ontario has 60 percent more businesses employing over 200 workers than does Quebec) since larger businesses, reflecting both labour code provisions and big-business managerial sophistication, have shown themselves to be easier to union-organize than smaller businesses (loc. cit.). Seeking to remedy this problem, the FTQ is now pressing for the extension of multi-site (i.e. sectorial) bargaining throughout the private sector (it is already in force in the construction industry) so that, for example, a union could organize all the restaurant workers in a particular area even though they are employed by different companies.

However, little enthusiasm is currently shown for sectorial bargaining by the CSN, which apparently fears that the larger FTQ would quickly gain sectorial certification in most of the private sector and in turn force decertification of many CSN private sector unions. While the absence of an equivalent spectre of single-central domination in the public sector—where CSN and CEQ strength is roughly balanced—has historically militated in favor of an inter-central Common Front in that sector as a response to government-initiated sectorial-bargaining, only the CSN currently sees great advantage in extending the Common Front principle to the private sector; the FTQ, by contrast, presently sees a member-recruitment advantage in competing against the CSN in any future sectorial-bargaining in the private sector (Lipsig 1972:21; *Financial Post:* 9 June 1979). Such a division on top of intra-union disagreements over the independence issue, has effectively stopped at least for the time being any move toward broadening inter-central cooperation, the hope of many unity-minded labour militants in the early 1970's (see Vaillancourt 1978).

Some observers have suggested that the present impasse is also reflective of the uneven results of the political education programs undertaken by the union centrals. Lipsig, for example, contends (1972:22) that the effectiveness of the CSN's programs in the early 1970's was to a degree undermined by the central's failure to ensure a sufficient intake of blue-collar workers in *formateur* training, with the result that the predominantly white-collar, public sector teachers were often of only limited effectiveness in "reaching" the CSN's blue-collar, private sector members. Similarly, CEQ ex-president Yvon Charbonneau emphasized in a 1979

interview that the political education programs undertaken by that central during his tenure in office (1970–78) had little lasting impact beyond the various confrontations then immediately at hand:

> Basically I feel that our programs did not have a great training effect. We need a more rigorous analysis of the whole question. There are some people who are going to become politically conscious immediately. There are others that could be added to this group rather easily, who are well informed, on top of things. But the vast majority is still untouched by these discussions. (quoted in Vaillancourt and Martel 1979)

Notwithstanding these factors, however, there is reason to believe that the current political quiescence of the Quebec working-class will prove to be temporary. In the first place, the basic structural context of the Quebec economy—escalating capital-intensity, satellization, etc.—has not been altered by the Lévesque regime. Indeed, the basic tensions inherent in advanced capitalism as a whole and the Canadian economy in particular have been exacerbated by the PQ's accession to power and the consequent rise in investor-uncertainty about Quebec's political future and economic stability. Thus to Quebec's chronically high unemployment has been added a hemorrhage of hundreds of millions of dollars of private Quebec investment funds into the United States. Similarly, multinational corporations have demonstrated a perceptible discomfort about Quebec's political turmoil: according to a 19 November 1977 *Financial Post* analysis, 91 companies moved their Canadian head offices or planning departments out of Quebec between November 1976 (the month of the PQ's election) and February 1977 alone. With such trends unfolding in the context of a plummetting job-creation rate (24,000 new jobs in 1977 compared to 38,000 in 1975 and 130,000 in 1973) and rising inflationary pressure forcing families to send "second-breadwinners" into the labour force, the impact of the next decade's declining birth rates in terms of providing relief from job-creation pressures is likely to be significantly diminished. In this latter creation, Premier Lévesque warned in early 1979 that Quebec will have to create 700,000 new jobs during the period 1979–89 (*Columbian:* 2 April 1979).

In addition, the advent to power by the PQ portends further fiscal pressures on the public sector, given the PQ's ideological predilection for use of the state apparatus as a means of redressing the historical imbalance between non-Québécois and Québécois entrepreneurs—a predilection which generates an increment of state expenditure above and beyond the level of such expenditures generated by the general exigencies of the capital crisis in Canada. The context of concern over the issue can be gauged by the profile of francophone control in Quebec's manufacturing sector (Milner 1978:50):

In terms of the Quebec economy as a whole, it has been calculated that as of early 1978 francophones constituted a majority of directors in only 14 of the province's 105 largest private companies, and only 9 percent of the remaining 91 companies' directors. As Quebec Finance Minister Jacques Parizeau has noted, state aid to the francophone business community is a cornerstone of PQ economic strategy:

Table 5. Francophone presence in Quebec's manufacturing enterprises.

No. of employees	Percentage of French Canadian ownerhsip	Percentage of Rrench Canadians at the highest executive levels
under 100	43	41
100–199	34	43
200–299	16	45
300–499	16	27
500–900	16	30
1000–4999	14	32
over 5000	0	10

Source: Milner 1978:50.

In Quebec, the state must intervene. It is inevitable. It is what gives the people the impression that we are more to the left. If we had, in Quebec, 25 companies like Bombardier, and if we had important banks, the situation might be different. We have no large institutions, so we must create them. (quoted in Gonick 1977:35)

On the other hand, as Niosi (1979:152–4) points out, those large companies which *are* controlled by francophones are of such size and trans-Canadian focus as to cast doubt on the suggestion of Bourque and Frenette (1972) that Québécois entrepreneurs have remained restricted to the role of a petite bourgeoise:

Québécois-controlled companies with assets exceeding $400 million as of December 1975

		millions
1	Banque Canadienne Nationale	$4,872
2	Provincial Bank of Canada	3,059
* 3	Great West Life Insurance Co.	2,349
4	Savings Bank	969
* 5	Montreal Trust	757
* 6	Imperial Life Assurance Co.	714
* 7	Consolidated Bathurst	662
* 8	Investors Group	636
* 9	Power Corporation	579
*10	Laurentide Financial Corp.	429
11	General Trust of Canada	411
12	Campeau Corporation	402

* Controlled directly or indirectly by Paul Desmarais of Power Corporation.

Moreover, the predominantly mercantilist orientation of the aforementioned companies and the power linkages between their owners and the Liberal party lend credence to Niosi's contention (1979:148, 147) that

. . . this francophone bourgeoisie is nothing other than the French-Canadian section of the Canadian capitalist class. Its markets, its investments, its aims, all are trans-Canadian. It may lean on the Quebec state (which it has helped to build), but it has no interest in the separation of Quebec.

Nevertheless, with the francophone segment of the bourgeoisie having a relatively small presence on the "commanding heights" of the Quebec and Canadian economies, it is apparent that significant pressure for countervailing aid from the Quebec state emanates from francophone bourgeois elements, and that by addressing itself to this pressure as well as by stressing its support for continued Canadian market-access though a common market, the PQ hopes to secure a vital base of corporate political support for the independence project. (The PQ has, of course, already secured other bases of support, particularly among the liberal professions, civil service, and educational sector—what one observer has termed "the employees and . . . producers of services that depend on the use of language"—and elements of the traditional petite bourgeoise.) (ibid.: 147)

The fiscal implications of the PQ's business-aid policies are enormous, and will place the party in diametrical budgetary conflict with its electoral commitment to expand social service programs. The inevitable deterioration of the already severe fiscal crisis of the Quebec state is forcing a tougher government line with public sector unions, and in the long run will likely compell the PQ regime to cut back social services, thereby alienating the labour movement. That the PQ's bourgeois nationalism will ultimately prove to be an inadequate vehicle for Quebec labour interests—inside or outside Canada—was stressed by CSN president Norbert Rodrigue in 1976:

The necessity of a workers' party is no longer disputable . . . for the Parti Québécois, even though it represents a hope for a certain number of union militants . . . is a traditional, fundamentally non-labour party. It has not pronounced itself against capitalism; it has supported illusions, it has aroused deception. (quoted in Dupont 1976:102)

Clashes between the CSN and the Lévesque regime erupted as early as February 1977 when the government rejected a CSN request to nationalize Aluminum Company of Canada hydro-electric facilities in the Saguenay region with a brusqueness which led one CSN vice-president to denounce "this so-called government of the workers" (quoted in *Le Devoir:* 17 Feb. 1977). Similarly, the CSN and CEQ vehemently opposed the government's last-minute removal of certain anti-"scab" provisions in its December 1977 labour code amendments, and at its annual convention in June 1978 the CSN released a policy paper noting that "this government has yet to adopt policies which respond to the major problems of workers—inflation, unemployment, plant closures and poverty" (quoted in *Sun:* 6 June 1978). While the FTQ has remained largely supportive of the PQ (though not necessarily of Quebec independence), Quebec's economic deterioration will probably at some point force this central to re-evaluate its stance—though it must be added that this point is not likely to be reached in the immediate future. In this connection, the Lévesque government's generous dispensations in its 1979 budget

(including permanent exemptions from various retail sales taxes and a 12.5 percent increase in personal income tax exemptions) suggest that, notwithstanding the fiscal pressures posed by a growing—currently $1.45 billion—budgetary deficit, the PQ has decided to postphone any confrontations with Quebec's unions until after the referendum on independence. However, Finance Minister Parizeau's warning to public sector unions "to curb appetites which no longer reflect reality" (quoted in *Financial Post:* 7 April 1979) and an announced 2.5 percent reduction of the civil service by April 1980 are harbingers of a post-referendum day of reckoning—a reckoning likely to be hastened by the acceleration of state fiscal outlays which will be necessitated by the looming North American recession of 1980.[14]

Various other factors also lend themselves to the interpretation that the consolidation and expansion of the class-conscious minority within Quebec's working-class is a distinct possibility in the long-term. Insofar as public opinion is concerned, for example, the Quebec public's negative image of unions appears to be fully matched by its hostility to large corporations. A Canadian Institute of Public Opinion poll has indicated a significant difference between Quebec and Ontario in this respect, with 55 percent of Québécois blaming management for strikes and only 15 percent blaming labour, in contrast to Ontario, where 18 percent blamed management and 41 percent blamed labour (Bennett 1973:56). Moreover, international indicators suggest that the province's economy will be damaged in the 1980's by a gradual deindustrialization of the American-dominated secondary sector as American owners cut back the operations of their less profitable branch-plants in response to European and Japanese competitive pressures and as Canada's foreign trading partners (as well as domestic constituents outside Quebec) force the federal government to lift the special tariffs currently protecting Quebec's inefficient textile sectors. Also, as the separatist debate continues, the debilitating effects on Quebec's economy engendered by Quebec's uncertain political future will multiply. Nor will this process necessarily be ended by the electoral defeat of the PQ; the record of similarly frustrated nationalist movements elsewhere in the world demonstrates that blockage of the parliamentary route to independence might well drive a minority of separatists to FLQ-style violence, in turn provoking a Belfast-like crisis. Such economic stagnation will unleash further cross-pressures on the Quebec government for both investment-aid to the private sector and social-services aid for the Quebec population at large. Irreconcilable in the context of Quebec's deteriorating economic circumstances, these cross-pressures will ultimately render social-democratic brokerage politics impossible and force a polarization of the forces advocating such conflicting expenditure priorities. It is in the likely-to-ensue—and hardly unprecedented—sequence of fiscal squeezes, rising taxes, cutbacks in social services, narrowing employment and "quality of life" opportunities, labour mobilizations, government repression, and labour politicization that one can discern the potentiality of an increasingly class-conscious labour movement in Quebec.

Chapter 6

Labour Politicization—English-speaking Canada

6.1 General context

While no English-Canadian "beach-head" of working-class consciousness comparable to that evinced by segments of the Quebec labour movement in the 1970's has yet manifested itself, the evolving economic context and general flow of political events offer distinct indications of a somewhat parallel politicizing trend—the major difference, as has been noted previously, being the relative diffuseness and ambivalence of English-Canadian nationalism. Before briefly chronicling this politicizing trend, it is perhaps useful to recall that tendencies toward a radicalized class-consciousness would not be unprecedented for English-Canadian labour. It is often forgotten that before the mid-twentieth century triumph of American-style "business unionism"—first implanted in Canada in the 1890's by Samuel Compers' craft-oriented American Federation of Labour (AFL) at the invitation of American industrialists locating branch-plants inside Macdonald's National Policy tariff walls—a powerful tradition of radical industrial unionism existed in Canada. This was particularly the case in Western Canada (and also, incidentally, in various western American states), where the mining industry's fluctuations, company-town exploitation, and owners' violent repression of unions helped produce a predominantly radical labour orientation epitomized by the Western Federation of Miners and the rise of various socialist political formations, especially in British Columbia (see Scott 1974 and 1975; McCormack 1977). This western radicalism achieved certain legislative concessions in provincial political arenas and culminated in 1919 with the organization of a single industrial union intended for all workers, appropriately named One Big Union (OBU). Though the OBU was successfully crushed by a state-corporate-AFL alliance in a violent 1919 general-strike confrontation in Winnipeg, a significant minority of Canadian unionists continued through the 1920's and 1930's to dissent from the AFL's domination of organized labour in Canada.

An important legacy of this radicalism was the emergent recognition by business after World War I of the futility of escalating anti-union repression, and a consequent swing toward social-welfare and other liberal-reformist policies aimed at co-opting the union movement rather than eliminating it. A prominent architect of this new policy emphasis—and its chief political beneficiary—was William Lyon Mackenzie King. King rose from Laurier's fledgling labour ministry and several years' apprenticeship as an industrial relations consultant to the Rockefellers, who hired him to chart new directions in the aftermath of the infamous 1914 massacre

of miners' children by troops deployed by a strikebound Rockefeller mining company in Colorado. Benefitting from his reputation as a pacifier of labour, King proceeded to become leader of the federal Liberals in 1919 and Prime Minister for all but five of the years from 1921 to 1948. Under King, the gradual expansion of the welfare state, coupled with the massive economic expansion nurtured by World War II, successfully calmed Canada's first wave of labour radicalism.

Since World War II, the process of what might broadly be termed proletarianization has accelerated. At the objective level, one aspect of this process has been centered in the growing absorption into the working-class of the petite bourgeoisie. While this process is occurring in all advanced capitalist societies, it has been consciously accelerated in Canada by federal government policies aimed at "rationalizing" the country's economic structure in order to facilitate Canadian competitiveness in a world of multinational corporate units. Such policies are epitomized by the 1970 Federal Task Force Report on Agriculture, which, projecting the logical culmination of Canada's continentalist drift, advocated at a Canada-U.S. common market for most agricultural products and, concomitantly, the consolidation of Canadian farms into a handful of large corporate units. Stating that "only a third or so of Canada's farms are large enough, by today's standards, for long-run viability", the Task Force report announced a concerted policy of consolidating farms into "rationally managed, profit-oriented businesses" in which a "high and rising proportion" of farmers would become "employees working for salaries and wages" (quoted in Bronson 1972:125, 135). Paralleling this thrust in agriculture is the overall decline of the petite bourgeoisie as a whole, which in 1948 constituted 14.7 percent of Canada's income earners, as opposed to 13.3 percent in 1958 and 10.9 percent in 1968 (and whose income as a percentage of the average Canadian income declined from 120 percent in 1948 to 111 percent in 1958 to 94 percent in 1968) (Johnson 1972:148). Lamenting this tendency, Canadian Federation of Independent Business president John Bulloch warned in 1977 that "without positive action, . . . we will see the continuation of past trends—a decline in the number of small businesses, family firms that do not survive their owners and founders, and an increasingly centralized, impersonal and inflationary world of big business, big government and big labour" (quoted in *Financial Post:* 10 December 1977)—a trend acknowledged by British Columbia Premier Bill Bennett in a 1979 open-letter declaration that "the control of industries is falling into fewer and fewer hands."

One cumulative impact of these various tendencies has been the steady proportional expansion of the working-class; the resultant situation is one in which more than 83 percent of Canadians are now employ*ees* who work for wages and salaries, and where over 90 percent of all income earners do not own so much as one share in a company (by contrast, the top one percent of income earners hold 42 percent of all shares held in Canada) (Johnson 1972:153–7). Moreover, while the major growth sector in the labour force has been in the white-collar sector, this

growth has been increasingly in the clerical and professional areas and decreasingly in the proprietary, managerial, commercial, and financial service areas; in 1961, according to one calculation, the managerial area accounted for 23.1 percent of Canada's white collar labour force, but by the late 1960's it was generating only 17.4 percent of new white-collar jobs (Miller and Isbester 1971:42). This decline, essentially middle-managerial in thrust, is even more precipitous when it is considered that the preponderance of new jobs generated in the professional and managerial areas are in the service field, for in the words of R.A. Lockhart's 1970 study on such jobs, "very few are professional or managerial in the normally accepted sense" (quoted in Fry 1974:132). Indeed, all white-collar jobs are being increasingly routinized and trivialized through decision-centralizing and labour-saving technologies, a process aptly described by Leo Johnson (1972:165) as "proletarianization-through-automation". In this connection, Stanley Aronowitz's observations (1973:311) on the evolution of post-office work are applicable to a widening spectrum of white-collar jobs:

> Post-office work is commonly viewed as white-collar labour, but is characteristically perceived by the workers themselves as a variant of factory work. The discipline enforced on the job, the mechanical tasks that constitute the labour . . . and the salary scale that resembles the wages of semiskilled industrial labour has made workers in the postal service impatient with the old [white-collar] myths. . .

Paralleling the proletarianization process has been a perceptible narrowing of entry-access to positions of economic power as well as a consolidation of income inequalities. Illustrative of the former phenomenon is Wallace Clement's analysis (1975: 172, 218) of the directors and senior executives of Canada's 113 largest corporations in 1972:

Table 6. Age and class of origin, Canadian-born corporate leaders.

Class of origin	Year of birth and age		
	Before 1905 (over 65)	1905–1920 (50–65)	After 1920 (under 50)
Upper class*	49.6%	55.6%	67.4%
Middle class	43.7	36.9	30.6
Working class	6.7	7.5	2.0

* See Clement 1975 and 1977 for definitional details of this class typology.

In terms of continuing income inequalities, ggonick's compilations (1978:49) provide the general context: between 1951 and 1975 the percentage of total income earned by the lowest, second and third quintiles of the population declined from 4.4, 11.2 and 18.3 percent to 4.0, 10.6 and 17.6 percent respectively; and "between 1971 and 1974 the bottom third of all income earners received 5 percent of the increase in income generated in that period, the middle third received 20 percent, while the top third received 75 percent."

In any assessment of the political impact of these various trends on the Canadian working-class, two miscellaneous observations might be made. The first is that not only are such trends as narrowing access to positions of economic power taking place, but that they are *seen* to be taking place by growing numbers of Canadians, and that as a consequence the popular perception of Canada as "a free society with everyone equally competing on some great marketplace for the positions and prerogatives of power" (Clement 1975) has undergone a certain erosion, particularly during the last fifteen years with the widespread educational and media dissemination of the findings of such demythologizing sociological works as John Porter's *The Vertical Mosaic* (1965) and Wallace Clements's *The Canadian Corporate Elite* (1975). While it is difficult to measure such an impact with any precision, it is apparent that the dissemination of such information along with the various other politicizing transformations of North American mass culture since the mid-1960's (e.g. the rise of environmentalism as a broadly-based movement), has contributed to the emergence of what in general terms can be described as a structural, or holistic, view of society—an important pre-requisite of class consciousness. Secondly, insofar as petit-bourgeois and white-collar proletarianization and the growing concentration of capital are concerned, it would seem reasonable to assume that the attenuation of participation in capitalist-proprietary roles has some effect vis-à-vis the "hold" of capitalist cultural values, for as Joseph Schumpeter once suggested (1976:142), "dematerialized, defunctionalized and absentee ownership does not impress and call forth moral allegiance as the vital form of property did." (Concern over the long-term implications of such a deterioration of allegiance appears to have been one of the factors which led the British Columbia government in 1979 to "privatize" a major crown corporation, i.e. transfer it from the public sector to the private sector, by means of issuing shares of ownership to every citizen in the province. In announcing the move, B.C. Premier Bennett declared that he was "particularly hopeful that our young people will seize the opportunity for a practical education in individual ownership—and recognize the potential it has for lifelong benefits.")

6.2 Current trends

An examination of the record of the English Canadian labour movement in the 1970's reveals an emergent dynamic of politicization. One indication of this was the surfacing in the early 1970's of increasingly critical worker attitudes toward affiliation with American-headquartered unions. Reflecting growing concern at both leadership and rank-and-file levels that neither national labour interests nor individual worker needs were being adequately served by existing, U.S.-dominated international union structures, these attitudes were variously manifested in the early 1970's by the growth of independent "breakaway" unions—e.g. the

Confederation of Canadian Unions—and, far more important in terms of the numbers involved, by the push by unions affiliated with the Canadian Labour Congress (CLC) for greater Canadian autonomy within their international union structures (see White 1975; R. Laxer 1976). Reflecting this push, the CLC added a resolution on the subject at its national convention in 1970:

> Be it resolved that the Canadian labour Congress adopt a firm policy supporting minimum standards of self-government of the Canadian sections of international unions; and
> Be it further resolved that these standards include: election of Canadian officers by Canadians; policies to deal with national affairs to be determined by the elected Canadian officers and Canadian members; Canadian elected representatives to have authority to speak for the union in Canada. . . (quoted in Resnick 1977a:181)

But from the viewpoint of this study, the most interesting aspects of English Canadian labour's politicization—and the most significant indication that labour's postwar quiescence may prove to be a comparatively brief interregnum rather than a climactic "end of ideology"—have emerged in the late 1970's. For example, for the first time since the 1930's the union movement is demonstrating a willingness to use the strike mechanism as a political weapon against the state to force changes in national economic policies. A concrete manifestation of this new willingness was the decision by the CLC to call a Canada-wide 24-hour general strike on 14 October 1976 to protest the federal government's wage-control policy (in place from 1975 to 1978). The first attempt at a national general strike in Canada's history, the CLC's "Day of Protest", though only partially successful, attracted the support of nearly one million workers and constituted a bold new departure in labour's assertiveness.

While the increasingly unpopular wage controls—under which workers were limited to 6 percent annual wage increases despite a much higher inflation rate, the latter running at 9.2 percent by June 1978—were lifted in mid-1978 as a prelude to a federal election campaign, the mounting economic constraints posed by the capital crisis in its various manifestations have prompted a continuing outspokenness from organized labour. The new mood was illustrated by the CLC's warning on 11 May 1977 that rising unemployment could produce major upheavals: "The anger and frustration resulting from continuing inaction may well lead to a degree of tension, unrest and even violent disorders seldom, if ever, witnessed before in this country."

An area of particular volatility has been in the public sector, where the aforementioned proletarianization process has stimulated the spread of civil-service unionization: this growth is indicated by the fact that whereas public sector unions (as distinct from professional associations) were essentially non-existent in the 1950's and constituted only one of Canada's ten largest unions by 1965, public sector unions constituted six of the country's ten largest unions by 1979—including the country's largest union, the Canadian Union of Public Employees (*Financial Post:* 3 Feb. 1979). (The rise of public sector unionism,

which is almost totally within Canadian-headquartered unions, has largely contributed to the decline in the proportion of Canadian unionists affiliated to international unions—from 72.1 percent in 1960 to 70.8 percent in 1965, 62.5 percent in 1970, and 51.4 percent in 1975. It has also helped fuel a steady rise in the overall level of unionization in Canada—projected to pass 40 percent of the work force by the early 1980's.) (Campbell 1977:137–9)

This trend has in turn run up against the increasing pressure generated by the capital crisis for restraints on public sector union activities. The result has been mounting labour-state confrontations and a marked rise in political militancy by the unions involved. This process accelerated in 1978 as moves by governments to restrict public sector union powers drew increasingly heated denunciations from labour leaders such as Grace Hartman, president of the 280,000-member Canadian Union of Public Employees, who warned her members that governments are seeking at "every bargaining table to 'gut' your agreements . . . to take away rights that we've had for longer than some of you have lived" and added that this in turn is the leading edge of a general anti-labour strategy:

> The whole labour movement in this country is currently the target of a large-scale propaganda attack. The refrains aren't new, but this time it's more intense, more insidious, because it's aimed at making anti-union bias politically popular. The purpose clearly is to create suspicion and fear in the minds of workers toward the unions and to inhibit unorganized workers from seeking the protection unions offer. (quoted in *Sun:* 16 June 1978)

A similar dynamic is evident at the provincial level, where, for example, moves such as the Alberta government's restriction of its employees' right to strike and the British Columbia government's parallel restriction on many of its employees under 1978 "essential services" legislation have led the four western Canadian provincial public sector unions to establish a Western Advisory Council as a means of coordinating their responses to state pressures (*Financial Post:* 17 Feb. 1979). Moreover, future prospects are clearly indicative of intensifying labour conflict at all levels of government. Thus, for example, the Conservative federal regime under Joe Clark elected to power in May 1979 pledged to reduce the number of federal employees by 60,000 by 1982—a policy which 180,000-member Public Service Alliance of Canada president Andy Stewart denounced as representing a twelve-fold escalation of the preceding Trudeau regime's employee-cutback plans and one which will entail "firings and layoffs at an unprecedented scale" (quoted in *Canadian Labour:* 8 June 1979).

The implications of public sector labour relations for the private sector are several. Business and government have voiced concern that public sector wage increases must never be allowed to exceed average private sector increases so as to avoid inflationary "catch-up" wage-pressures from the private sector. In this connection, Prime Minister Trudeau emphasized his agreement with this position in a mid-1978 national address: "The public sector will not lead the private sector in wages and benefits. We are committed to following a strict policy of comparabili-

ty with the private sector" (quoted in *Sun:* 4 Aug. 1978). to turn this view into actual policy, the Trudeau government (in a move supported by the Conservative party) indicated in 1978 its intention to begin formulating amendments to the Public Service Staff Relations Act which would have the effect of requiring by statute that all public sector wage increases be within the range of a universal (i.e. private and public) average pay rate. This move is opposed by public service unions on the grounds that the universal pay average is unreasonably low because of its inclusion of lowly-paid non-unionized workers, and that the net result of public sector wage negotiations being based on such a figure would be to reduce civil servants' wage settlements by as much as 40 percent. While the policy has not yet been enacted, the prospect of its eventual implementation has prompted at least one union—the Public Service Alliance of Canada—to threaten a national strike. (ibid).

Viewing this trend toward legislatively-enforced public sector-private sector "comparability", private sector unions have recently begun to voice concern that the principle of comparability could be extended by government into other spheres, in particular that the acceptance of restrictions on public-service employees' right to strike, in conjunction with comparability, constitutes an ominous precedent for private sector workers. On this theme, International Woodworkers of America (IWA) regional president Jack Munro warned his union's annual convention in Vancouver in October 1978 that "meat-axe attacks" upon public services and "terrible downward pressures on the earnings of those public employees who manage to keep a job at all" form part of a massive attack aimed at breaking the entire union movement, an attack which could bring "a rerun of the '30's";

> Both provincial and federal governments, lacking the courage and initiative to find a way out of the Canadian economic chaos, have decided to busy themselves by appeasing, and in some cases, leading, a vicious assault upon working people by these lunatics from the far right . . . These people want the whole economic and political bundle, and they want it now. They want blood. They are on the march, and they are headed straight for us . . . We stand directly in the path of that gang of fanatics, and we are not going to move. (quoted in *Sun:* 3 Oct. 1978)

Invoking similar imagery, British Columbia Federation of Labour president Jim Kinnaird warned in early 1979 that anti-union policies by that province's government could ultimately produce a "bloodbath" (quoted in *Columbian:* 24 Jan. 1979).

While it certainly cannot be claimed on the basis of events to date that the English Canadian working-class is yet exhibiting class consciousness in any politically significant degree, the evidence would suggest that the exigencies of the capital crisis are unleashing a general dynamic of politicization which in turn has at least the potentiality of engendering a degree of working-class consciousness comparable to that already emergent in a significant minority of Quebec workers.

In the following chapters, additional evidence will be offered that concern about the long-term implications of this dynamic throughout the advanced capitalist world is producing a major bourgeois counter-response aimed at forestalling the emergence of working-class consciousness—a counter-response which contemplates, among other things, eventual recourse to authoritarian corporatism as a means of securing labour discipline and cooperation in the face of the capital crisis. It is the premise of the author that consideration of these trends, their precedents and prospects, constitutes a fundamental part of any assessment of the potentiality of working-class consciousness in Canada—and, indeed, of any assessment of the future of advanced capitalism itself.

Chapter 7

The authoritarian temptation

7.1 "Thinking the unthinkable"

Throughout the Western world there is mounting evidence that, in both government and corporate circles, concern about the prospects of labour militancy in the context of the emerging capital crisis is leading to acknowledgment that authoritarian modifications of national political structures may eventually occur in order to effect the accumulations and transfers of capital deemed necessary for sustained expansion within the capitalist economic framework. In Canada perhaps the most candid expression of this acknowledgment has come from a corporate source, Honeywell Limited chairman Rodrigue Bilodeau:

> In much of the world that critical point has been reached. The demagogues, with their unkeepable promises and deceptive welfare schemes, have misled people into unrealistic expectations. When the expectations are unsatisfied, militancy ensues. The greed of collectivities is leading our world into that state of anarchy that is the classical prelude to takeover by totalitarian regimes . . . I would say that in Canada we are at about the midpoint of the scale. (quoted in McGready 1977:240)

Pursuing a similar theme, the American financial publication *Business Week* (12 October 1974) summarized its view of the capital crisis and its portentous political implications;

> . . . It is not at all certain how graciously Americans, or any other people for that matter, will accept what is plainly today's (and history's) economic reality: that there is no such thing as perpetual plenty and no party that does not eventually end . . . It is inevitable that the U.S. economy will grow more slowly than it has. Government economic policy will be more restrictive - - - and, at the same time, more imposing because it is also inevitable that government will attempt to take on still more of the job of channeling what capital there is to where it seems needed the most . . . Compromises, in terms of who gets and who does without, that would have been unthinkable only a few years ago will be made in coming years because the economic future not only of the U.S. but also of the whole world is on the line today.

Citing General Electric Company chairman Reginald Jones' pessimistic testimony to a Congressional committee that "we have a picture of business going deeper into debt, faced with declining return on investment, unable to attract sufficient equity funding, unable to keep up with inflation in its depreciation charges, and subsisting on a thinner and thinner diet of retained earnings" (quoted in ibid.), *Business Week* argued that over the long run Americans will somehow have to be convinced to accept "the idea of doing with less so that big business can have more" and that even the most humane observers concede that such a feat of per-

suasion may not be possible within the context of liberal democracy and that painful political alternatives may have to be pursued:

> . . . The selling job . . . must now be done to make people accept the new reality. And there are grave doubts whether the job can be done at all. Historian Arnold Toynbee, filled with years and compassion, laments that democracy will be unable to cope with approaching economic problems - - - and that totalitarianism will take its place. (ibid.)

7.2 Precedents from the 1930's

Recalling Santayana's dictum that those who forget their history are condemned to relive it, it is instructive at this point to note certain political parallels between the emerging crisis of the 1980's—'90's and that of the 1930's. Describing the rise of fascism in Italy and Germany, Daniel Guerin wrote in 1936:

> When the economic crisis becomes acute . . . the bourgeoisie can see only one way to restore its profits: it empties the pockets of the people . . . It resorts to what M. Caillaux, once finance minister of France, expressively calls 'the great penance': brutal slashing of wages and social expenditures . . . The state, furthermore, rescues business expenditures on the brink of bankruptcy, forcing the masses to foot the bill. Such enterprises are kept alive with subsidies, tax exemptions, orders for public works and armaments. . .
>
> But such maneuvers are difficult under a democratic regime. As long as democracy survives, the masses, though thoroughly deceived and plundered, have some means of defense against the 'great penance': freedom of the press, universal suffrage, the right to organize into unions and to strike, etc. Feeble defenses, it is true, but still capable of setting some limit to the insatiable demands of the money power. In particular, the resistance of the organized working-class makes it rather difficult to simply lower wages.
>
> And so . . . the bourgeoisie throws its traditional democracy overboard and conjures up with its invocations—and its subsidies—that 'strong state' which alone can strip the masses of all means of defense, tying their hands behind their backs, the better to empty their pockets. (1973:22—23)

Though, as Guerin duly noted, "in richer, more fortunate countries, the bourgeoisie . . . succeeded . . . in extricating itself for the time being from its difficulties . . . resorting to expedients which at least have not required the subsitution of dictatorship for democracy" (ibid.: 23), it is often forgotten that before the efficacy of such programs as Franklin Roosevelt's New Deal became apparent, fascism was openly considered as an option by significant elements of the American and Canadian business communities.

("Fascism" is sometimes used as a catch-all term to describe all forms of "exceptional regimes" existing in a capitalist framework—Poulantzas 1974 offers some insights into the conceptual confusion that frequently results form this usage. The term "fascism" is used in this study shall be taken to mean that particular type of bourgeois dictatorship—or the advocacy thereof—which builds popular support through cultivating a mass base with a petit-bourgeois ideological character.)

Reflecting this mood, Henry R. Luce's *Fortune* magazine editorialized in a July

1934 issue on Mussolini's Italy that "the good journalist must recognize in Fascism certain ancient virtues of the race, whether or not they happen to be momentarily fashionable in his own country. Among these are Discipline, Duty, Courage, Glory, Sacrifice." Addressing the question, "Does the Fascist State favor Capital?", *Fortune* noted that the Mussolini regime "in recent years . . . has undoubtedly been engaged in bolstering business rather than curbing it", and while arguing that "no one can say that Italian business has profited unconscionably", observed that "nowhere will you find more fulsome praise of the Fascist regime, more ponderous bouquets to Il Duce than in the reports of the great Italian corporations" (citing as typical in this connection Fiat chairman Giovanni Agnelli's activity as "one of the financial backers of the March on Rome" and subsequent activities "high in Fascist councils").

Even more fulsome praises of fascism were hymned by William Randolph Hearst in a signed editorial in his national newspaper chain on 26 November 1934:

> Fascism is definitely a movement to oppose and offset Communism, and so prevent the least capable and least creditable classes from getting control of government.
>
> Fascism will come into existence in the United States when such a movement really becomes necessary for the prevention of Communism. . .
>
> The Proletariat, as defined by the dictionary, was the lowest order of citizenship in Rome. It was composed of the citizens without property of any kind; and the reason they had no property was because they had the lowest intelligence, the least industry and the least thrift.
>
> The Proletariat today is the body of citizenship least able to manage their own affairs and consequently least able to manage the nation's affairs. (quoted in Magil 1938: 162–3)

Invited by the National Broadcasting Company to air his positions in a 1935 nationwide radio address, Hearst obliged with an elaboration of his "fitness" theme: ". . . Do we want the cruel class war of the incompetent proletariat. . .? . . . Do any genuinely American workers want to see the American working-class led toward revolutionary class struggles? . . . Do our competent businessmen, who have built the wealth of this nation, want to be plundered and driven out of business by a thriftless and shiftless crew of organized incompetents?" (quoted in *Congressional Record:* 7 Jan. 1935) Such sentiments coincided with those of Hitler, according to whom: "The employers have worked their way up to the top by their industry and efficiency. And by virtue of this selection, which shows that they belong to a higher type, they have the right to lead. Every leader of industry will forbid any interference by a factory council." (quoted in Dutt 1974:214)

In like manner, the March 1935 issue of *Nation's Business*, organ of the U.S. Chamber of Commerce, declared that "many thoughtful people believe that our form of government must be changed to something resembling the fascist form, without the multitude of checks or balances now prevailing" (quoted in Magil 1938:119). Certain business elements even sought to put these ideas into action: in November 1934, General Smedley Butler, a retired and highly popular deputy commandant of the U.S. Marine Corps, testified before a Congressional com-

mittee that he had been approached by representatives of a corporate coalition headed by Singer Sewing Machine heir Robert Sterling Clark and Wall Street broker Grayson Murphy—a director of Guaranty Trust, Anaconda Copper, and Bethlehem Steel—and asked to lead a fascist coup against President Roosevelt. According to Butler, the plotters sought to mobilize a march on Washington by 500,000 American Legion war veterans with necessary arms to be provided from certain DuPont interests through the Remington Arms Company (Seldes 1947:290). Though Congressman John W. McCormack, chairman of the investigation of Butler's charges, reported on 15 February 1935 that "your committee was able to verify all the pertinent statements made by General Butler" (quoted in ibid.: 291), formal charges were never pressed against the apparently numerous and powerful conspirators—for as McCormack (later Speaker of the U.S. House of Representatives) commented in a 1971 interview, "... it was deemed politically inadvisable" (quoted in Archer 1973:212).

Paralleling such domestic activities was the aid given by certain industrialists to overseas fascists; most notable in this regard was the propaganda and financial support extended by Henry Ford to the Nazis during their rise to power—support rewarded with Hitler's bestowal of the Nazis' Grand Cross of the German Eagle on Ford in 1938 (Pool 1978:129). Interestingly, American flirtations with fascist formulas continued to the very eve of World War II. As late as December 1938 two hundred fifty of New York's leading industrialists cheered the remarks of Major General George Van Horn Mosely at the annual meeting of the New York Board of Trade:

> Our domestic enemies should be warned ... not to excite the wrath of patriotic America, for once these patriots go into battle they will cure the disease definitely and make those massacres now recorded in history look like peaceful church parades. (quoted in Wolfskill 1962:100)

Nor was Canada immune to the lure of authoritarianism, as witness the address entitled "Fascism" delivered to the prestigious Empire Club of Canada in Toronto on 25 January 1935 by Magistrate S. Alfred Jones, K.C. In his conclusion—listed in the Club minutes as receiving "hearty applause"—Jones declared:

> If there were a line in the fundamental principles of Fascism opposed in the slightest degree to the best ideals of the British Empire, I would not even be discussing the matter. Should Canada at any time in the future, in its wisdom, adopt Fascism, in whole or in part, it is indeed gratifying to know, gentlemen, that the system fits so admirably into our Imperial setting... (quoted in Brown 1973:62)

Mirroring this mood, the feature article in the January 1937 issue of the federal police organ, *RCMP Quarterly*—"Peace, War and Communism" by former Vancouver police chief C.E. Edgett—cited fascism's allegedly redeeming virtues in the context of the depression:

> ... If Fascism had not arisen and conquered in Italy, and ... in Germany, then today these two great countries would have been obliterated from the map in a flood-tide of

Bolshevism. The typical Fascist is not perfect by any means nor very admirable from the standpoint of the normal Democrat. But at least he has applied his violence and ferocity to the enemies of traditional family life... (quoted in ibid.: 82)

Even more significantly, substantial links developed in the early 1930's between the Conservative party and Quebec fascist leader Adrien Arcand (Betcherman 1975: 9–11, 25, 39), and there is at least limited evidence that Arcand—who later founded the Canadian Nazi party—was offered the federal labour portfolio by Prime Minister R.B. Bennet as part of the Conservatives' (unsuccessful) 1935 re-election strategy (Milner 1973:123).

7.3. The rise of Trilateralism

As has been discussed earlier in this study, what proved to be a viable alternative to fascism in the 1930's—the New Deal-style liberal democratic welfare state—is itself increasingly unviable as a result of the crisis of escalating capital-intensity. Given the historical precedent of fascism having once been seriously considered, however briefly, by significant elements of corporate, academic, and governing circles in societies such as Canada and the United States, projections by similar elements of growing authoritarianism in the 1980's and 1990's thus assume a major importance. Apart from the aforementioned speculations about the eventual rise of authoritarian regimes (Bilodeau, *Business Week*, et al), a host of even more pointed warnings about incipient dictatorial tendencies emerging among advanced capitalist societies have arisen in recent years. These began with U.S. President Dwight Eisenhower's unexpected declaration on military influence in his national farewell address in 1961 ("In the councils of government, we must guard against the acquisition of unwarranted influence ... by the military-industrial complex. The potential for the disastrous rise of misplaced power exists...") (quoted in Dye 1976:65) and have ranged through a series of broader formulations in the 1970's tied to analyses of advanced capitalism's structural tensions.

In this latter category, better-known examples include Rolfe/Burtle's prediction (1973:181) of "departures from the type of democracy now dominant in all the developed world ... unless a way can be found to reconvert the present system back to a surplus-for-all game", Barraclough's prognostication (1974:19) that "fascism can stage a comeback", Rickenbacker's perception that there is "no reason ... [why] we shall choose depression without first having a go at totalitarianism" (quoted in loc. cit.), and Heilbroner's warning (1976:90) that growing constraints on advanced capitalist economies will exact a heavy toll on liberal democracy:

For the majority of capitalist nations ... I do not see how one can avoid the conclusion that the required transformation will be likely to exceed the capabilities of representative democracy. The disappointing failures of capitalist societies to create atmospheres of

social harmony, even in expansive settings, does not bode well for their ability to foster far-reaching reorganizations of their economic structures and painful diminutions of privilege ... The likelihood that there are obdurate limits to the reformist reach of democratic institutions within the class-bound body of capitalist society leads us to expect that the governments of these societies, faced with extreme internal strife or with potentially disastrous social polarization, would resort to authoritarian measures.

However, of all these projections, by far the most politically important and sociologically illuminating—for reasons which will be documented—are those issued by the Trilateral Commission, an organization established in 1973 by Chase Manhattan Bank chairman David Rockefeller as a forum for influential "private citizens" from North America, Western Europe and Japan to discuss long-term economic and political questions of mutal interest.

The Trilateral Commission is the latest in a series of similar forums which have emerged in the twentieth century to encourage the formulation and coordination of corporate and state responses to major socio-economic and political issues. For example, beginning in 1900, a wide array of leading U.S. businessmen, politicians, academics, and selected labour leaders—ultimately including Andrew Carnegie, various partners in J.P. Morgan and Company, Henry Ford, former U.S. presidents Grover Cleveland and William Howard Taft, Chicago banker and later U.S. Secretary of the Treasury Franklin McVeagh, and American Federation of Labour president Samuel Gompers—were organized into the National Civic Federation (NCF), which brought to bear a considerable influence in fostering the conditions of stability and harmony necessary for the continued expansion of the country's larger corporations. To this end, the NCF encouraged, inter alia, adoption of social-reform policies in the legislative realm and more conciliatory corporate approaches to unions as a means of stemming the politically-fragmentive and economically-disruptive effects of the early twentieth century's escalating confrontations between the growing forces of political radicalism and the traditional hard-line stance of the small and middle-sized business sectors.

As historian James Weinstein (1968:4) has observed about this era (but in terms applicable to many subsequent political tensions within the business communities of twentieth century advanced capitalist societies):

In the industrial and financial world a polarization occurred between the larger corporations, railroads, and the various banks that financed them ... on one side, and the small and middle-range manufacturers and merchants on the other. In general ... the smaller businessmen were tied much more immediately to the market than were many of the larger corporations. Their attitudes toward trade unions,working conditions, and wages were more rigid and uncompromising. This was so because their relative provincialism kept many of them from an awareness of the larger problems of interclass harmony and social (as opposed to purely individual) efficiency posed by the growth of the unions, the radical insurgents in both major parties, and by the Socialist Party of America.

Denounced by a leader of the Socialist Party (which gained control of one-third of the groups affiliated to the American Federation of Labour during this period) as being designed to "chloroform the labour movement into a more submissive

mood" (quoted in ibid.: 22), the NCF sought, in its own words, to achieve "that habitual normal sense of social solidarity which is the foundation stone of democracy" (quoted in ibid.: 7). To facilitate this purpose, the NCF structured itself along tripartite lines, with formal representation being accorded to business, labour, and "public" representatives. Though substantially dominated by business leaders, the NCF proved adept at integrating the established union leadership into its professed "public ideology of free enterprise and the denial of class interests" (loc. cit.) and at redirecting political radicalism into liberal-reformist channels through sponsorship of pioneering welfare state measures (including the first U.S. workers' compensation legislation). As a result, by the end of World War I, the NCF deemed that its immediate goals of establishing a political equilibrium in the U.S. conducive to the continued progression of North American capitalism into the multinational-corporate era had been largely secured. (As a point of historical interest, it should be noted that the formative labour-relations experiences gained by Canada's future Prime Minister Mackenzie King during his tenure as a Rockefeller industrial consultant in the U.S. entailed significant involvement with NCF members.)

Similar high-level forums emerged on both sides of the Atlantic in the early twentieth century through efforts by such British figures as Cecil Rhodes, Arthur Balfour, and Lord Rothschild to encourage cooperation between the governing circles of the world's English-speaking countries. Between 1900 and 1913 so-called round Table Groups were established throughout the British dominions—including Canada—and in the United States (Quigley 1966: 131—133). Animated by NCF-style concerns (though lacking participation by labour representatives), the Round Table Groups encouraged both the development of social-reform policies at the domestic level and the formulation of common economic, political and military perspectives at the international level. While achieving a significant influence in Britain, including founding of the Royal Institute of International Affairs and editorial control of *The Times* (through its ownership by the Astors), the Round Table Groups' most enduring legacy was the impetus they gave to the establishment of the Council on Foreign Relations (CFR) in the United States.

Originally conceived as the U.S. arm of a Round Table-linked Anglo-American international affairs institute, the CFR had by 1919 emerged as a completely independent body, with the aim, essentially, of extending NCF concerns for capitalist stability to the international realm, and, in the words of the CFR's first handbook, "to afford a continuous conference on foreign affairs, bringing together at each meeting international thinkers so that in the course of a year several hundred expert minds in finance, industry, education, statecraft and science will have been brought to bear on international problems" (quoted in Shoup and Minter 1977:15). In the ensuing years, the CFR has become the single most pre-eminent non-governmental body involved in the formulation of U.S. foreign policy, being described variously by *Newsweek* (6 Sept. 1971) as the

"foreign-policy establishment of the U.S.", by the *New York Times* (15 May 1966) as having made "for . . . half a century . . . substantial contributions to the basic concepts of American foreign policy", by CBS journalists Marvin and Bernard Kalb (1974:51) as "an extremely influential private group that is sometimes called the *real* State Department", and by Theodore White (1965:87) as "counting [ing] among its members probably more important names in American life than any other private group in the country."

Chaired by David Rockefeller, the CFR has a membership weighted heavily towards the executives of U.S.-based multinational corporations. For example, according to the most recent figures available (1969), corporations with *four* or more of their directors belonging to the CFR include Exxon, IBM, ITT, U.S. Steel, Mobil Oil, General Electric, DuPont, Chase Manhattan Bank, J.P. Morgan and Co., First National City Bank, and Metropolitan Life (Shoup/Minter 1977:97–98). The CFR's pervasive influence also can be gauged by its members' role in foundations (where 14 of the Rockefeller Foundation's 19 trustees are CFR members, as is the case with 10 of the Carnegie Corporation's 17 trustees, and 7 of the 16 trustees of the Ford Foundation), in universities (e.g. 12 of Harvard's 30-member board of governors belong to the CFR), in the media (with CFR membership on the boards of directors of the *New York Times, Washington Post, Newsweek, Time,* CBS, NBC, RCA), and in the political realm (where recent CFR luminaries have included, to name but a few, Dwight Eisenhower, Allen Dulles, John Foster Dulles, Dean Rusk, Henry Kissinger, Nelson Rockefeller, Robert McNamara, Cyrus Vance, and Zbigniew Brzezinski) (ibid.: 57–114).

In the decade following World War II, as the multinational focus of corporations widened rapidly, the CFR—whose membership is exclusively American—sought to augment its international consultative links through a related group known as the Bilderberg group. Organized in 1954 by David Rockefeller and Prince Bernhard of the Netherlands, the Bilderberg group brings together for two or three days on an annual basis prominent industrial and political leaders from Europe and North America for informal discussions on strategic issues. Besides CFR members and other participants from the U.S. (including Henry Ford II, Henry Jackson, and Gerald Ford), leading Bilderbergers have included at various times over the years Fiat president Giovanni Agnelli (jr.), David Astor, German Federation of Trade and Industry president Otto Wolf von Amerongen, former European Communities Commission president Jean Rey, Baron Edmond de Rothschild, Sweden's Marcus Wallenberg, as well as a variety of prominent politicians, e.g. Georges Pompidou, Ludwig Erhard, Edward Heath, James Callaghan, Helmut Schmidt, and Valéry Giscard d'Estaing (Pasymowski and Gilbert 1971: 32056–32060). Participants from Canada have included Prime Minister Lester Pearson, Provincial Bank of Canada president Michel Belanger, Toronto Dominion Bank president Allen Lambert, Quebec finance minister Jacques Parizeau, and Quebec opposition leader Claude Ryan (ibid.).

With the tightening of the capital crisis in the 1970's, CFR and Bilderberg leaders such as David Rockefeller voiced their concern that an upgrading of analytical rigor and institutional structure was required if such consultative forums were to be capable of contributing effectively to calming the Western world's mounting economic and political turbulence. To date, two major responses to this concern have been initiated, each with significant implications for the working-classes of advanced capitalist societies. The first of these responses is the CFR's 1980's Project. Announced in the CFR's 1974 annual report as "by far the largest operation at the Council",the Project was characterized by the CFR's executive as a "systematic endeavor to develop guidelines for orienting and managing change in the international system" (quoted in Shoup/Minter 1977: 254–255). According to 1975 CFR memoranda, the 1980's Project involves three levels of study–definition of "the characteristics of a desirable international environment" (quoted in ibid.: 256), an analysis of the barriers to developing such an environment, and, finally, the formulation of appropriate strategies for achieving what is feasible in light of such barriers. While the Project's conclusions have not yet been completed, the all-encompassing nature of the transformation sought by the CFR is indicated by its statement that the 1980's Project must

> ... come to grips with strategies for modifying the behavior of all the relevant actors in the international community–individuals, governments, agencies within governments, elite groups, industrial firms, interest groups, mass societies, and other groups and organizations at the subnational and transnational levels. (quoted in loc. cit.)

The second major response at the international-strategic level to the capital crisis was the establishment of the Trilateral Commission by David Rockefeller in 1973. Touted by Rockefeller as a way "to bring the best brains in the world to bear on the problems of the future" (quoted in Isaak 1977:112), the Trilateral Commission–geographically and strategically a major departure from previous forums in its inclusion of Japan–has evolved into an authoritative grouping of over 250 members and associates (official membership is sometimes suspended for the duration of active government service), coming for the most part from corporate and political backgrounds. Despite continuing recruitment efforts, the Commission thus far has been unable to attract more than token labour representation–for example, of the 61 American members in 1975, only 3 had labour backgrounds as opposed to 27 with corporate backgrounds.

The basic strategy-coordinating goals of the Commission were outlined by the Director of the 1980's Project, Princeton University professor Richard Ullman, in the October 1976 (:4–6) issue of the CFR journal *Foreign Affairs* (the latter, incidentally, is described by *Time* as "the most influential publication in the United States"):

> ... Trilateralism ... has been concerned chiefly with preserving for the industrialized societies ... the advantages which, during the 1960's, flowed from openness and increased interdependence, while limiting their adverse consequences. This means, of course, com-

mon—or at least closely coordinated—policies toward money, trade, energy, pollution, and many of the other issues common to the advanced nations and important in their relations with one another. And *it requires a set of political leaders in the West with sufficient political power in their own societies* and sufficient confidence in one another—a confidence to be achieved by frequent and intimate consultation—to be able to abstain from measures conducive to short-run, one-sided advantages which would harm others . . . In its core emphasis on a common perspective among a set of national societies which subscribe to the same broad set of political/ethical/economic ideas, trilateralism is frankly and unabashedly ideoligical. (emphasis added)

Noting that the Commission has "worked hard to foster linkages between elites", Ullman also observed that "among elites, at any rate, trilateralism has become almost the consensus position on foreign policy" and that with respect to Trilateral programs, "neither the principles nor the tactics . . . are issues which command mass attention in the United States. The public approves (and is generally bored by) the principles, and it scarcely understands the tactics" (ibid.: 3,11).

Beginning in late 1973, and continuing to the present day, the Trilateral Commission has issued a series—twenty as of mid-1979—Task Force Reports on selected economic, social and political issues. Each report summarizes the basic consensus of the Commission as synthesized by assigned rapporteurs after consultation with Commission members and invited "guest" experts in the various subject areas. From the outset, Trilateral reports have emphasized the growing tensions within advanced capitalism and the need for systemic transformations in order to resolve the capital crisis. Thus, for example, the very first Task Force Report, *Towards a Renovated World Monetary System* (1973), spoke of the possibility of "major economic dislocations and in reduced standards of living" (Trilateral Commission 1977:24), while the sixth report, *Energy: A Strategy for International Action* (1974), pursued some of the socio-political implications of the capital crisis for the Western world:

There will surely be a slower overall growth of the economy, a restructuring of production, a high rate of investment, and a retreat from some of the more extravagant features of our consumer society . . . In essence, there will be a reallocation of capital, labour, technology, and available supplies of energy through the economics of scarcity . . . Such shifts will mean changes in patterns of investment and of employment, a high level of technological unemployment, and perhaps a reduced working week. Serious social strains are bound to appear, especially if the economies of the industrial nations, now exposed to rising costs of energy and for labour, continue to be plagued by inflation and financial instability.

. . . It is a real question . . . whether the necessary sacrifices will in fact be accepted by powerful elements in the body politic, be they politicians, civil servants, trade unions, businessmen, or an undefined mass of ordinary citizens. In such cases, there is instability and turmoil whether a government tries to face the crisis or to avoid it. We foresee growing extremism, both of the right and of the left, which will feed on this instability.

Each nation, of course, will have to make its own decisions on how the necessary elements of social discipline, governmental control, and changes in customary modes of living can be reconciled with the vital need to preserve civic freedoms and democratic institutions. (Trilateral Commission 1977:154)

7.4 The crisis of democracy

Examining these implications in depth, the Trilateral Commission in 1975 issued its eighth—and, for the purposes of this study, most relevant (and candid)—of its Task Force Reports: *The Crisis of Democracy*. The significance of this report is perhaps best gauged by indicating the Trilateralists whose majority views the report summarizes.

The Trilateral Commission's U.S. members at the time of issuance of *The Crisis of Democracy* included then ex-Governor of Georgia and now U.S. President Jimmy Carter (whose membership was deemed by his campaign planners to be of invaluable "long-term benefit"—see Schram 1976:78), then Senator and now Vice President Walter Mondale, then professor and now National Security advisor Zbigniew Brzezinski, then lawyer and now Secretary of State Cyrus Vance, then California Institute of Technology president and now Secretary of Defense Harold Brown, and then Bendix Corporation chairman and later Secretary of the Treasury (1977—79) Michael Blumenthal (also member of the CFR's Coordinating Group for the 1980's Project) as well as an impressive assortment of other decision-makers and opinion-shapers, e.g. David Rockefeller, Exxon chairman J.K. Jamieson, Lehman Brothers chairman Peter Peterson, former Under Secretary of State George Ball, *Time* editor-in-chief Hedley Donavan, Ambassador Elliott Richardson, Coca-Cola chairman J. Paul Austin, CBS president Arthur Taylor, Governor of Washington Daniel Evans, Bank of America president Alden W. Clausen, Sears Roebuck chairman Arthur M. Wood, U.S. Transportation Secretary William T. Coleman, syndicated columnist and former U.S. Information Agency director Carl Rowan, Texas Instruments chairman Patrick Haggerty, Senator Robert Taft jr., and Wells Fargo Bank chairman Ernest C. Arbuckle.

European members included Fiat president Giovanni Agnelli jr., professor (and now Prime Minister of France) Raymond Barre, German Banking Federation president Alwin Münchmeyer, *Financial Times* editor M.H. Fisher, Barclays Bank International chairman A.F. Tuke, and Royal Dutch Shell managing director F.S. McFadzean. Japanese representatives included Mitsubishi Corporation chairman Chujiro Fujiho, Bank of Tokyo chairman Somio Haro, Sony Corporation president Akio Morita, and Japan's Minister of Foreign Affairs Kiichi Miyazawa.

Participating Canadians included Macmillan Bloedel chairman (now B.C. Hydro chairman) Robert Bonner, Toronto-Dominion Bank vice president Alan Hockin, *Châtelaine* editor Doris Anderson, Member of Parliament (now Canada's Human Rights Commissioner) Gordon Fairweather, and former federal cabinet minister (later National Unity Task Force co-chairman) Jean-Luc Pépin. (Crozier et al 1975: 215—220)

As Bowles (1977:23) has noted, Trilateralism cannot be viewed as an expression of the absolute totality of the large-corporate business sector:

We may anticipate a reaction from the more conservative and less international-minded segments of the capitalist class. It will likely center on opposition to planning. Its leadership may try to tap libertarian and nationalistic sentiments to build an alliance of . . . capital . . . with workers in . . . industries threatened by imports.

Nevertheless, as such an imposing array of names—representing but a portion of what *Newsweek* (16 June 1975) described as "a remarkable cross-section of the interlocking establishments of the world's leading industrialized nations"—makes apparent, Trilateralism reflects the dominant segment of the multinational-corporate community and the Trilateral Commission's reports are accordingly of particular significance in providing insights into the strategic thinking guiding the general evolution of state and corporate policies in North America, Western Europe, and Japan.

Compiled by Michel Crozier, Samuel Huntingdon (later serving on the Coordinating Group of the 1980's Project and on the White House staff of President Carter), and Joji Watanuki, and issued under the Trilateral imprimatur with an introduction by the Commission's then-director Zbigniew Brzezinski, *The Crisis of Democracy* reviewed the growing fiscal squeeze imposed on the state by the capital crisis and concluded that political democracy rather than current economic structures constitutes the root of the problem (Crozier et al 1975: 73):

The extent of the fiscal gap, its apparent inevitability and intractableness, and its potentially destabilizing effects were sufficiently omnious for the existing system to generate a new variety of Marxist analysis of the inevitable consequence of capitalism. . . The most recent revision, taking into consideration the Welfare Shift, identifies the expansion of social expenditures as the source of the fiscal crisis of capitalism. What the Marxists mistakenly attribute to capitalist economics, however, is, in fact, a product of democratic politics.

Arguing that democratic politics are not adequately constrained by a sense of national economic interests, the report cited the consensus of the Trilateral Commission's Canadian Group Colloquium:

Labour groups are not impeded . . . from making outrageous demands due to the absence of a strong public philosophy and to prevalent doubt as to whether fairness underlies the general allocation of influence and resources . . . In the absence of a national ethos, governments are hamstrung in their efforts to cope with such prevalent difficulties as inflation and labour/management disputes. (ibid.: 208)[15]

Reviewing the Trilateral region's political history, *The Crisis of Democracy* further contended that "at one time or another, threats to the viability of democratic government have come from the aristocracy, the military, the middle classes, and the working class" (ibid.: 6)—it is apparently the Trilateral perspective that big business has never posed such threats—and that new strains are now arising from "an excess of democracy" (ibid.: 113). Citing John Adams' observation that "there never was a democracy yet that did not commit suicide", the report added that "that suicide is more likely to be the product of overindulgence than of any other cause" and warned that "the arenas where democratic procedures are appropriate are, in short, limited" (ibid.: 115, 114).[16]

Mobilizing a series of statistical tables to buttress its case, *The Crisis of Democracy* listed a series of examples of the challenge facing Western government "in terms of its ability to mobilize discipline and sacrifice upon its citizens in order to achieve those goals" (ibid.: 7). Of particular concern to the Commission was what it defined as an increasing crisis of legitimacy for established institutions, citing as an example the findings of University of Michigan surveys between 1958 and 1972 which indicated that the proportion of the American electorate believing that government is "run for the benefit of all people" declined during that period from 76.3 percent to 37.7 percent, while the proportion believing government is responsive essentially to "the big interests" rose from 17.6 percent to 53.3 percent (ibid.: 79).

Similarly, great significance was attributed in the report to the results of Lou Harris polls on institutional leadership's public-acceptance levels during the period 1966–73 (ibid.: 83). These polls indicated a decline in the proportion of the U.S. public expressing a "great deal of confidence" in major companies from 55 percent to 29 percent, in the federal executive from 41 percent to 19 percent, in the military from 62 percent to 40 percent, and in higher education from 61 percent to 44 percent—in contrast to only a slight decline in confidence in organized labour (from 22 percent to 20 percent) and to actual increases in the public's confidence in the press and television news (up 1 percent and 16 percent respectively). Expressing the Commission's fear that the emerging "salience of economic issues may give rise to generalized feelings of lack of confidence in the political system" as opposed to "dissatisfaction rooted in the failure of government to follow a particular set of policies" (ibid.: 85) and its worry that the impact of this trend in the context of high public expectations and the currently prevailing state-public power balance in liberal-democratic societies could be damaging to the "governability" of such societies, the Trilateral report called for the strengthening of state authority:

> The demands on government and the needs for government have been increasing stadily in all the Trilateral societies. The cause of the current malaise is the decline in the material resources and political authority available to governments to meet these demands and needs . . . In some measure, governability and democracy are warring concepts. An excess of democracy means a deficit in governability . . . At the present time it appears the balance has tilted too far against governments. . . (ibid.: 169, 173)

Several specific "problem" areas were singled out by the Trilateral Commission for policy recommendations. In a "re-examination of the cost and functions of higher education", for instance, the Commission expressed its unease about "the overproduction of people with university education in relation to the jobs available to them" and the "frustrations and psychological hardships among university graduates who are unable to secure the types of jobs to which they believe their education entitles them" (ibid.: 183)—a worry reminiscent of Schumpeter's warning (1976: 152) about surplus college graduates "psychically unemployable in manual occupations". Responding to this problem, the report saw two options:

What seems needed . . . is to relate educational planning to economic and political goals. Should a college education be provided generally because of its contribution to the overall cultural level of the populace and its possible relation to the constructive discharge of the responsibilities of leadership? If this question is answered in the affirmative, a program is then necessary to lower the job expectations of those who receive a college education. If the question is answered in the negative, then higher educational institutions should be induced to redesign their programs so as to be geared to the patterns of economic development and future job opportunitiesd(Crozier et al 1975: 183–4)[17]

Part of the blame for what Trilaterialists perceive as the public's unreasonable political and economic expectations was assigned by the Commission's report to "adversary intellectuals" (Crozier et al 1975:7):

The advanced industrial societies have spawned a stratum of value-oriented intellectuals who often devote themselves to the derogation of leadership, the challenging of authority, and the unmasking and delegitimation of established institutions . . . In an age of widespread . . . education, the pervasiveness of the mass media, and the displacement of manual by clerical and professional employees, this development constitutes a challenge. . .

Also culpable in the Trilateral perspective are the mass media, and accordingly *The Crisis of Democracy* called for "restoring a balance between government and media":

Freedom of the press is absolutely essential . . . Like any freedom, however, it is a freedom which can be abused. Recent years have seen an immense growth in the scope and power of the media. In many countries . . . the press has taken an increasingly critical role towards government and public officials . . . There obviously are important media rights to be protected, but broader interests of society and government are also at stake . . . There is . . . the need to assure to the government the right and the ability to withhold information at the source. In addition . . . the courts should consider moving promptly to reinstate the law of libel as a necessary and appropriate check upon the abuses of power by the press. (ibid.: 181–182)

With reference to the content and organization of industrial work, the Commission warned that problems in this area "require a painful transformation of social relations, of cultural and authority patterns, and even modes of reasoning" (ibid.: 185) and that while innovative management should be encouraged, pressures for widening industrial democracy "would raise impossible problems" and must be contained:

Up to now the dominant social democratic and even liberal schools of thought have focused on proposals for industrial democracy modeled on patterns of political democracy. They have rarely succeeded, and when they did the proposals did not appear very effective, basically because they were running against the industrial culture and the constraints of business organization. . . (ibid.: 185–186)

Above all, stressed *The Crisis of Democracy*, priority must be given to whatever capital-allocation decisions are required to sustain industrial expansion, and that if democracy is not narrowed towards a "more balanced existence" (ibid.: 115) in order to accomplish these economic goals, more direct, authoritarian methods will be necessitated:

It is necessary here . . . to underline the extent to which the governability of democracy seems dependent upon the sustained expansion of the economy . . . The governments in Trilateral societies have the possibility of becoming 'wiser' in allocating scarce resources in the most effective way . . . In many instances, however, political leaders have been left deficient in the institutional resources and authority necessary to achieve these goals . . . *In the long run, the leadership vacuum will be filled one way or another, and strong institutional leadership is clearly preferable to personalized charismatic leadership.* (ibid.: 175; emphasis added)

To some observers, the very mention of a possible "personalized charismatic leadership" solution by a body of the Trilateral Commission's standing is eerily evocative of the atmosphere leading to the 1934 Butler gambit in the U.S. and of the 1931 statement by then-parliamentary candidate Adolf Hilter that "an increasing number of industrialists, financiers, intellectuals and officers are now looking for a man who will at last bring some order into affairs at home, who will draw the farmers, the workers and the officials into the German community once more" (quoted in Calic 1971:22). However, as Bowles (1977:23) has suggested, it is perhaps more likely that direct support for personalized charismatic rule will first emerge from those more conservative, less internationalist bourgeois elements whose "likely economic program—laissez-faire at home and a latter-day mercantilist protectionism abroad—lacks any stimulus to combat economic stagnation" and for whom a charismatic leader utilizing nationalism as a device of mass-mobilization would appear the most attractive way of securing working-class acquiescence to reductions in social services and real earnings.

Nevertheless, it is clearly significant that the most dynamic, liberal, internationalist segments of the bourgeoisies of advanced capitalist societies as represented by the Trilateral Commission have, by means of *The Crisis of Democracy* and other Commission reports, indicated that "personalized charismatic leadership" is a definite political option to be taken account of over the long-term as the capital crisis intensifies. Moreover, the Trilateralists' preferred option—the immediate phasing-in of "strong institutionalized leadership" of an internationally-coordinated basis—obviously implies the advent of what Poulantzas would call "exceptional regimes", which, though not necessarily strictly fascist as the term has been defined in this study, would clearly be substantially destructive of the liberal democratic political systems currently prevalent in advanced capitalist societies. On this fundamental—and, for most readers, provocative—point, it is perhaps useful to recall the observation by Daniel Bell (1976:14) that "though capitalism and democracy historically have arisen together, and have been commonly justified by philosophical liberalism, there is nothing which makes it either theoretically or practically necessary for the two to be yoked."

That the emerging consensus among CFR-Bilderberg-Trilateral circles holds that the eventual unyoking of capitalism and democracy as intimated in *The Crisis of Democracy* is not an abstract debating point but a distinct possibility is further suggested in various statements by prominent Trilateral spokesmen. For

example, in an interview with *U.S. News and World Report* (8 March 1976), Samuel Huntingdon warned:

> There has to be a realistic appreciation that we can't go back to a simpler world—that we're going to live in a world of big organizations, of specialization and of hierarchy. Also, there has to be an acceptance of the need for authority in various institutions in the society.

Speaking in starker terms, Zbigniew Brzezinski acknowledged at a 1975 Columbia University seminar on "The Trilateral Commission and Its Implications for American Foreign Policy" that "we are a rich man's club" and that, regarding the prospects of the Commission's preferred route of incremental reforms as opposed to pursuit of more bluntly authoritarian strategies, the outlook is not bright:

> If we do not pursue this incremental approach, we will be pursuing a reactionary one. In this instance we will probably win hands down in the short run but lose in the long run. (quoted in Isaak 1977:112)

The importance of Trilateral pronouncements can be indicated by the Commission's growth since the issuance of *The Crisis of Democracy*. For example, the Commission's membership has expanded significantly (for a complete list of the Commission's membership as of late 1978 see Appendix). As of 15 October 1978 the Trilateral Commission's Executive Committee was as follows (by region, with names listed alphabetically):

North America
I.W. Abel, Former President, United Steelworkers of America
Robert Bonner, Chairman, British Columbia Hydro
William T. Coleman, Senior Partner, O'Melveny & Myers; former U.S. Secretary of Transportation
Robert S. Ingersoll, Deputy Chairman of the Board of Trustees, University of Chicago; former U.S. Deputy Secretary of State
Henry Kissinger, Former U.S. Secretary of State
Bruce K. MacLaury, President, Brookings Institution
Charles W. Robinson, Vice Chairman, Blyth Eastman Dillon & Co.; former U.S. Secretary of State
David Rockefeller, Chairman, Chase Manhattan Bank
William M. Roth, Roth Properties
William W. Scranton, Former Governor of Pennsylvania; former U.S. Ambassador to the U.N.
Mitchell Sharp, Former Canadian Secretary of State for External Affairs

Europe
Giovanni Agnelli, President, FIAT
P. Nyboe Andersen, Chief General manager,. Andelsbanken A/S; former Danish Minister for Economic Affairs and Trade
Georges Berthoin, President, European Movement
Kurt Birrenbach, President, German Foreign Policy Association; President, Thyssen Stiftung
Henrik N. Boon, Former Dutch Ambassador to NATO and Italy
Paul Delouvrier, Chairman, French Electricity Board

Horst Ehmke, Deputy Chairman, Parliamentary Fraction of Social Democratic Party, Federal Republic of Germany; former Minister of Justice
Michel Gaudet, President, Fédération Française des Sociétés d'Assurances
Max Kohnstamm, Principal, European University Institute, Florence
Baron Léon Lambert, Président de Groupe Bruxelles Lambert, S.A.
Roderick MacFarquhar, Member of British Parliament
Egidio Ortona, President, Honeywell Information Systems Italia; former Italian Ambassador to the U.S.
Mary T.W. Robinson, Member of Irish Senate
Otto Grieg Tidemand, Shipowner; former Norwegian Minister of Defense and Minister of Economic Affairs
Sir Philip de Zulueta, Chairman, Antony Gibbs Holdings Ltd.

Japan
Chujiro Fujiho, Chairman, Mitsubishi Corporation
Yukitaka Haraguchi, Chairman, All Japan Federation of Metal Mine Labour Unions
Takashi Hosomi, Advisor, Industrial Bank of Japan
Yusuke Kashiwagi, President, Bank of Tokyo
Saburo Okita, Chairman, Japan Economic Research Center
Kiichi Sacki, President, Nomura Research Institute
Ryuji Takeuchi, Advisor to the Minister for Foreign Affairs; former Ambassador to the United States
Takeshi Watanabe, Former President, Asian Development Bank
(Trilateral Commision 1978b)

The Commission has a widening network of active members and "alumni"—including British Foreign Secretary Lord Carrington, Boeing chairman T.A. Wilson, Danish Labour Minister Svend Auken, West German Economics Minister Otto Graf Lambsdorff, French Culture and Communications Minister Jean-Philippe Lecat, Toyota president Eiji Toyoda, AFL-CIO secretary-treasurer Lane Kirkland, Baron Edmond de Rothschild, Illinois governor James Thompson, Nippon Steel Corporation chairman Yoshihiro Inayama, and U.S. Federal Reserve Board chairman Paul Volcker. Trilateralism has acquired such influence that President Carter, speaking at a White House reception for the June 1978 plenary session of the Commission, in the words of the official Trilateral bulletin, *Trialogue* (Summer 1978:1), "spoke of the usefulness of the Commission's work, and the further contribution it could make to the pressing global problems of our times." (Originally intending to disband after issuing its final scheduled Task Force Report in 1979, the Commission decided at its Washington plenary to continue its activities for at least another three years "in view of the pressing problems challenging cooperation among the three regions") (ibid.: 2).

Similar praise for the Commission and acknowledgment of its influence came from Japan's Prime Minister Masayoshi Ohira on 24 April 1979, when he addressed the Commission's plenary meeting in Tokyo. Speaking of energy resource shortages, trade negotiations, and the danger that "if either of these giants [North America and Western Europe] were to turn to protectionism as an easy way out of present predicaments, the result could be world economic chaos and hardship for all", as well as alluding to "problems such as the . . . decline in work morale

and the erosion of social cohesion in modern life", Ohira indicated his high estimation of the Commission's role in formulating responses to these issues:

> . . . I am delighted to be with you for this 10th plenary meeting of the Trilateral Commission. I feel quite at home among so many familiar faces . . . I hope you will continue to extend to me your friendship, counsel and encouragement.
>
> . . . I . . . applaud the Commission's decision to continue its activities for another three years. The value as well as the prestige of the Commission have grown steadily year by year. I hope the Commission's activities during the coming three years will be even more useful. (quoted in *Trialogue*, Summer 1979: 3–4)

Canadian participation in the Trilateral Commission has been substantial from the outset; indeed, when membership is measured against national populations of represented countries, Canadian representation is proportionally higher than that of the U.S. As of October 1978 active Canadian members were as follows (in alphabetical order):

Doris Anderson (Toronto, Ont.), former editor, *Châtelaine* magazine
Michel Bélanger (Montreal, Que.), President, The Provincial Bank of Canada
Robert Bonner (Vancouver, B.C.), Chairman, British Columbia Hydro & Power Authority
Claude Castonguay (Quebec, Que.), President, Fonds Laurentien; Chairman, Imperial Life Assurance Company; former Minister in the Quebec Government
Louis Desrochers (Edmonton, Alta.), Partner, McCuaig and Desrochers
Peter Dobell (Ottawa, Ont.), Director, Parliamentary Centre for Foreign Affairs and Trade
Claude Edwards (Ottawa, Ont.), Member, Public Service Staff Relations Board
Gordon Fairweather (Ottawa, Ont.), Chief Commissioner, Canadian Human Rights Commission
John Fraser (Vancouver and Ottawa), Member of Parliament and subsequently member of the Federal Inner Cabinet, Canadian Minister of the Environment and Postmaster General
Donald Harvie (Calgary, Alta.), Deputy Chairman, Petro-Canada
Alan Hockin (Toronto, Ont.), Executive Vice President, Toronto Dominion Bank
Edgar F. Kaiser, Jr. (Vancouver, B.C.), President and Chief Executive Officer, Kaiser Resources Ltd.
Michael Kirby (Montreal, Que.), President, Institute for Research on Public Policy
Donald S. Macdonald (Toronto, Ont.), Former Canadian Minister of Finance
Mitchell Sharp (Ottawa, Ont.), Northern Pipeline Commissioner, former Secretary of State for External Affairs of Canada.

Encouraging Canadian participation in Trilateralism has been an object of official state policy since the Commission's inception in 1973; to this end, the Department of External Affairs has so far contributed a total of $135,000 to the Commission's Canadian Group (which maintains an office in Ottawa) (Canada 1979b:1; also see Collison 1977b and Martin 1977). In a 28 May 1979 communication to the author of this study, the Department of External Affairs outlined the official federal government attitude to the Trilateral Commission in the following terms:

The Trilateral Commission is a non-governmental body founded in 1973 by a number of distinguished individuals from the most advanced industrialized areas of the world—North America, the European Economic Community and Japan. The Commission promotes private-sector contacts and discussions among the three regions on a wide range of economic and political issues. The Canadian Group was organized within the North America Section to ensure that Canada's presence was defined and properly represented. The Canadian Group has secured funding from a variety of private sectors in addition to the contributions from the Department of External Affairs.

The Department considers it important that a distinctive Canadian voice be maintained in the Trilateral Commission. The Canadian Group presents a Canadian perspective and articulates Canadian concerns on a variety of subjects within one of the most important private-sector groups among the industrialized nations...

... It is not possible to assess in any precise manner the contribution of the Trilateral Commission's work to the formulation of government policy ... Many different groups, institutions and individuals contribute to the environment in which policy is developed ... The work of the Trilateral Commission is part of this environment. (Canada 1979b:1—2)

Described to the author by one member of parliament as being "very influential" in Ottawa (Willox 1979a), the Trilateral Commission frequently makes specific references to the particular circumstances confronting Canadian policymakers—as witness the Commission's inclusion of a special appendix on "Canadian Perspectives on the Governability of Democracies" (which placed particular emphasis on labour issues) in *The Crisis of Democracy*, its June 1978 seminar in Washington D.C. on Canada (addressed by Quebec-Canada Association president and former federal cabinet minister Maurice Sauvé), and its discussion at the Commission's April 1979 plenary session of "the need for the United States to develop a solid and coherent oil policy towards ... Canada" (*Trialogue*, Summer 1979:7). In sum, the implications of Trilateralism for Canadian political economy in general and for future patterns of Candian working-class politicization in particular are momentous.

Chapter 8

The rebirth of corporatism

8.1 Definitions and implications

The most immediate implication of Trilateralism and related responses to the capital crisis is the resurgence of the political-industrial organizing strategy known as corporatism. Historically subjected to a wide variety of definitions, corporatism is sometimes broadly conceptualized as "a conception of society in which government delegates many of its functions to private groups, which in turn provide guidance regarding the social and economic legislation required in the modern national state" (Presthus 1973:25). However, as Panitch (1979:46) notes, this type of broad definition is "cast at such a general level as to be virtually indistinguishable from pluralism and the long tradition of interest group theory which is intertwined with it." In a CFR-sponsored study of corporatism, Schmitter (1974:93–94) offers a more insightful definitional approach insofar as the structures of corporatism are concerned:

> Corporatism can be defined as a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly with their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports.

However, the function—and appeal to its formulators—of corporatism in the twentieth century is clear only when the economic context of modern corporatism is specified. In this connection, Panitch (1979:44) provides a useful definition of corporatism as the term is used in this study:

> ... a political structure within advanced capitalism which integrates organized socioeconomic producer groups through a system of representation and cooperative mutal interaction at the leadership level and mobilization and social control at the mass level.

Corporatism of this type has a particular appeal to those seeking to avoid interclass polarization and conflict in the emerging capital crisis, for as K.J. Rea and J.T. McLeod have observed (1976:338):

> Much of the motivation toward corporatism springs from the hope of discovering some method of overcoming the profound antagonisms and schisms between capital and labour. Corporatists seek a solution to the class struggle by bringing various private groups directly into the governing process as partners or agents of the state.

Seeking to foster a high degree of "tripartite" organizational coordination between the decision-making structures of state, capital and labour, political ideologies associated with corporatism have historically proceeded from a number of assumptions attractive to those seeking to defuse the socio-political tensions generated by a crisis of advanced capitalism while maintaining the functioning of the capitalist economy:

> Corporatism assumes that a harmonious process of development and modernization can be achieved if society is correctly organized and based upon an adequate notion of distributive but not necessarily egalitarian justice.
>
> The state is charged with overseeing the process by maintaining correct organization and regulating intergroup relations: the state intervenes in the society and economy but does not absorb them; thus the state is regulative but limited.
>
> Corporatism rejects liberal individualism and Marxist class analysis in that both proceed from the belief that conflict is inevitable and to a certain extent legitimate. In corporatism conflict is not seen as inevitable and is therefore illegitimate. Corporatism seeks to eliminate conflict by basing social integration around functional and vocation groupings seen to be the "natural" basis of society.
>
> Corporatism rejects the liberal politics of citizen constituencies, political parties, and votes for representation in a legislative assembly based on territorial divisions.
>
> Corporatism is antisecular and stresses the moral dimensions of social life which it equates with natural groups and the organic social whole as opposed to "classes for themselves" or utility-maximizing individuals. (Malloy 1974: 54—55)

While corporatism in its pure form has not been promoted on a significant scale, let alone implanted, in any advanced capitalist society since World War II, a certain de facto movement towards corporatist-style arrangements has been engendered by state adoption of Keynesian "interventionist" economic policies, by the related emergence of the welfare state, and by the panoply of consultative mechanisms associated with these developments:

> ... The more the modern state comes to serve as the indispensable and authoritative guarantor of capitalism by expanding its regulative and integrative tasks, the more it finds that it needs the professional expertise, specialized information, prior aggregation of opinion, contractual capability and deferred participatory legitimacy which only singular, hierarchically ordered, consensually led representative monopolies can provide.
>
> This osmotic process whereby the modern state and modern interest associations seek each other out leads, on the one hand, to even further extensions of public guarantees and equilibrations and, on the other, to even further concentration and hierarchic control within these private [associations]. The modalities are varied and range from direct government subsidies for associations . . . to devolved responsibilities for such public tasks as unemployment or accident insurance ... to direct participation in authoritative decision-making through national economic and social councils. (Schmitter 1974:111)

With the intensification of the capital crisis, dependence on mass prosperity for the maintenance of inter-class harmony is being increasingly called into question,

and accordingly, new attention is being paid by many governments and other interested observers of industrial relations to the alternative of re-emphasizing—through various corporatist-style formulas—"reliance on the institutional incorporation of . . . unions" (Crouch 1979:49) as a means of maintaining social harmony. However, as Esping-Andersen et al (1979:149—150) point out, this alternative is not without problems:

> Corporatism is . . . an internally contradictory mode of incorporating the working-class. The premise of a corporatist strategy is that the inclusion of selected leaders of working-class organizations (especially unions, but also on occasion left parties) in formal state planning processes will reduce working-class opposition to state policies without requiring massive concessions to popular demands. This outcome will occur only if two things happen: first, the incorporated ledadership must be seen as legitimate by the working-class, and second, the leadership must be sufficiently insulated from day-to-day mass pressures to accept the imperatives of planning in the interests of capital accumulation. And here lies the contradictory quality of corporatism: If the leadership of the incorporated working-class organizations is sufficiently isolated from the working-class so that state planning is insulated from popular pressures, then that leadership will tend to gradually lose legitimacy and thus cease to function as a means for integrating the working-class. If, on the other hand, the leadership maintains close ties to the working-class and remains a legitimate instrument of real working-class organizations, then corporatist planning will be hampered by the constant pressures for accommodation with mass demands. The first of these possibilities undermines the co-optive function of corporatism and will tend to accelerate the distintegration of the incorporated organizations . . . The second of these possibilities undermines the planning function of corporatism and brings class struggle into the administrative heart of the state itself. In either case, corporatism, like other attempted structural solutions to political class struggle, remains an intensely contradictory strategy for the capitalist class.

To resolve these contradictions, and in particular to reduce problematic "popular pressures" so as to facilitate the political incorporation of the working-class into capital-accumulation strategies, advocates of corporatism have historically tended over time to place an increasing emphasis on the second component of corporatism as defined by Panitch, i.e. "mobilization and social control at the mass level". For this purpose, personalized charismatic leadership coupled with the promulgation of mass-mobilizing "anti-class" ideologies—most typically some combination of nationalism and petit-bourgeois values—have tended to emerge as corollary emphases of political movements which focus on the strategy of corporatism as a means of securing general public compliance with state policies aimed at revivifying capitalism.

In this connection, it is significant that in twentieth century capitalism's previous major crises, corporatism has achieved its most thorough and explicit implementation when associated with fascism. Moreover, the very appeal of corporatism as a device enabling the working-class to "share power" with the bourgeoisie was assiduously used by fascist parties during their climb to power in order to divert workers from socialist parties, with corporatism being portrayed as an organizing technique which would contribute to a "responsible, patriotic" kind of socialism (e.g. Germany's "National Socialism"). Thus in both pre-1922 Italy

and pre-1933 Germany, structures of corporatism were offered by fascist parties to crisis-weary electorates as a means of producing labour-management peace and social harmony—such structures initially being offered as supplements to the parliamentary framework of liberal democracy, and later as replacements for it. Accordingly, in 1919 Mussolini declared to the constituent assembly of Italian fascists that "present political representation cannot suffice... We want direct representation of all interests"—to which the assembly responded with a call for the "creation of national technical councils of labour, industry, transportation, etc., elected by the entire profession or trade" (quoted in Guerin 1973:92).

Similarly, the Nazi party in 1920 promised the restoration of social harmony through a consultative economic Chamber consisting of elected regional economic councils representing management and labour. That such an arrangement would in turn be conducive to labour's containment and forced submission to national economic policies was emphasized by parliamentary candidate Adolf Hitler in a confidential interview with newspaper editor Richard Breiting on 4 May 1931:

> On the right is the nationally-minded bourgeoisie ... On the left is the working-class ... which, unfortunately, has become completely divorced from any thought of the nation through the influence of Marx. It is the business of the NSDAP [Nazis] to create a common platform upon which those now incited to revolt can find their place ... There is only one form of extremism and that is communism ... As long as we do not succeed in committing the German proletariat to the aims of the national State, the State will have no justification for existence...
>
> Naturally an end must be put to trade union policy in its present form. The trade union policy has ruined us. Between 1925 and 1928 the budget increased by 18 milliard marks as a result of the trade union policy on wages, social security, unemployment insurance, etc. The two milliard annual reparations payments are nothing compared to this. If today we had no more reparations to pay, social democracy, in other words trade union policy, would immediately demand wage increases to absorb the two milliard saved...
>
> The elite, whether inside or outside our Party, senses that only a dictatorship can create order. The interests of the various social classes will be protected by a corporative institution, not by the Reichstag. (quoted in Calic 1971: 21–41)

Clearly, corporatism in and of itself does not necessarily lead to fascism—indeed, corporatism in the context of general economic propserity is in many respects structurally complementary to some social-democratic programs. History shows, however, that when mass affluence declines, there is a widespread tendency on the part of those to whom the preservation of capitalism is the overriding priority to opt for authoritarian tightenings of the structural-political incorporation of the working-class into the prevailing regime (frequently through fascist modalities) so as to hold in check any system-destabilizing tendency to class consciousness which might otherwise emerge among the working-class in the wake of growing economic distress and insecurity.[18] From this perspective, any re-emergence of a nexus of economic deterioration and corporate critiques of liberal democracy is particularly significant.

8.2 The new proponents

An immediate response to the capital crisis of the late twentieth century has been a resurgence of corporatist proposals. In the United States, one example of this trend is the data presented in a recent University of Southern California study, *The Immobilized State: An Assay of the Future of Government/Corporate Relations* (O'Toole 1978), commissioned by 17 major corporations, including Ford, General Electric, Shell, Bethlehem Steel, Atlantic Richfield, and Prudential Insurance. Outlining four basic political options for the U.S.—"libertarianism" (i.e. laissez-faire à la Milton Friedman), "egalitarianism", "environmentalism/humanism", and "corporatism" (ibid.: 2–3)—the study constructed scenarios for the general political-economic outlook for the U.S. in 1988 based on each of these options, and then presented the scenarios to an un-named "panel of influential Americans" (ibid.: 28) representing Business, Labour, Government, and Public Interest for their assessment as to desirability. The results, based on a maximum-desirability scale of 100, revealed that the greatest support for libertarianism, egalitarianism, and environmentalism came from Government-Public Interest, Labour-Public Interest, and Public Interest-Labour respectively (ibid.: 29–32). Only in the case of corporatism was Business the most supportive (with Government second), and while Labour support ranked third, the Business-Labour gap was sufficiently narrow—16.9—to indicate the distinct possibility of a modus vivendi.

The powerful appeal of the corporatist option—which is depicted as the one which seeks to "maximize economic growth and efficiency"—is perhaps best summarized by quoting from the study's 1988 "corporatist scenario" for the U.S.:

> The last decade saw a major shift in the American socioeconomic system: In 1977 the relationship of private corporations to the greater society was based on an adversary system; today, it is based on cooperation. The government now fosters the growth of industrial giants, having abandoned all anti-trust activity in the late 1970's and acts to promote the interests of the 200 largest firms in the international market. To accomplish this, a Department of International Trade and Industry was formed to promote mergers and cartels, to protect U.S. industry from foreign competition, and to purchase natural resources from foreign cartels through a unified front, and to foster the export of American goods. There is now a highly-centralized financial/investment structure, in which the Federal Reserve, private banks and large corporations work in concert to finance industrial investment.
>
> . . . Government has relaxed controls on growth, concentration, and bank ownership of industry . . . There is also a national indicative planning board with 5 members each from industry, labour and government . . . The relationships of corporations to the government were altered in other ways, too. For example, the double taxation on corporate profits was eliminated and all state and property taxes have been folded into the federal income tax. All public and private pension plans have been amalgamated, and the new National Retirement Trust is a major source of capital for industrial use. Congress has passed a law requiring . . . a balanced federal budget.
>
> The newly consolidated AFL-CIO (which now includes *all* organized workers in the U.S.) has bargained away the right to strike in exchange for lifetime job security for

workers, automatic pay raises based on increases in profits and/or productivity, and seats on the boards of all companies with over 2000 employees. (loc. cit.)

While hardly the fullness of corporatism as defined in this study, the preceding proposals and the nature of their endorsation are clearly significant as indicators of increased pressure for a long step down the corporatist path.

Another indication of corporatist pressure has come from the Trilateral Commission's eighteenth Task Force Report, *Collective Bargaining and Employee Participation in Western Europe, North America and Japan* (Roberts et al 1979). Beginning with the proposition that collective bargaining as it currently exists in advanced capitalist societies "provides an insufficient foundation for the legitimacy of managerial decisions" within enterprises and "in the wider society ... [has] given rise to continuing problems of inflation and led to conflicts over adjustments to technological and economic change", the report warns that "without cooperation based upon an ideology that makes it possible to develop constructive industrial relations, the marvels of modern technology and raised expectations may lead to disaster" (ibid.: xi–xii). Citing what it sees as various European "trends toward a more corporatist structure of union-management relations", the Trilateral analysis views

... these developments as part of a far more fundamental shift in the ideology of contemporary democratic capitalist societies from classic pluralism based on the values of individualism to an ideology of society that reflects the growth of forces making for the dominance of communitarian values. That there is a trend in this direction would be difficult to refute, but ... where an equilibrium will ultimately be established is very much a matter of debate. (ibid.: 10)

The report contends that this new equilibrium is likeliest to emerge through extending to workers increments of participation by their union representatives in consultative bodies at the enterprise, sectorial and national levels while at the same time imposing constraints on free collective bargaining.

On the former point, the Commission's position represents a slight departure from the blanket rejection of "industrial democracy" in *The Crisis of Democracy* (Crozier et al 1975: 185–186); a closer examination of the various modes of union participation in decision-making (e.g. West Germany's "co-determination" system) has evidently reassured the Commission that judiciously-deployed worker-representation can be "an important means of underpinning managerial legitimacy and of winning union support for change" (Roberts et al 1979:xvii). On the latter point–constraining free collective bargaining–as well as on the wider perspective animating the updated Trilateral viewpoint, the report's emphasis is clear:

The extent to which collective bargaining should be limited through imposed or participative income policies remains an issue of fundamental importance in every democratic society ... No settled solution has been achieved in any country, and the problem will not go away so long as trade unions and employers are free to negotiate and determine pay levels. The maintenance of this freedom has become conditional on finding

a way to curb its excesses. Participation, through the development of corporatist structures and processes, offers a way . . . The choice would seem to be between accepting high levels of economic and social instability or developing high levels of voluntary restraint supported by institutional developments that ensure that the interest of the community is protected when in conflict with the interests of sectional groups. (ibid.: 7)

An indication of the primary meaning the Commission attaches to concepts such as "restraint" and protection against "sectional groups" is offered with the report's contention that "the evidence so far suggests that something more than a high level of participation is required" and that besides "effective" leadership from the state, the "crucial difference" underlying the disparate economic performances of countries with roughly equivalent consultative-participative processes "has not been the process as much as differences in union attitudes towards the basic problems" (loc. cit.).

With reference to the specifics of the Canadian situation, the Trilateral report observes:

In spite of suspicion of the government following the Anti-Inflation Board's recent efforts to hold down wages and prices, there may eventually emerge in Canada the kind of central consultative body . . . through which employers, unions and government could continuously and effectively consult and coordinate their activities.

There is a widespread opinion in Canada . . . that there is too much fragmentation and too strong a spirit of conflict in Canadian labour-management relations. By international standards, Canada has had one of the worst strike records . . . Collective bargaining has been mainly a defensive process, primarily concerned with improving levels of pay and protecting employees from the effects of change. It is this negative character of much of the bargaining that has led to a growing demand for more positive and forward-looking policies. (ibid.: 72–73)

The report's overall assessment also holds a particular significance as an indication of long-term Canadian corporatist trends in light of the disproportionately heavy Canadian participation in the consultations leading to the report's formulation: of the 145 individuals (Commissioners and guests) participating in what the Commission calls "The Trilateral Process", 53 were Canadians (including Canadian Deputy Minister of Labour Thomas Eberlee, Ontario Deputy Minister of Labour T.E. Armstrong, and British Columbia Labour Relations Board Chairman Paul Weiler) (ibid.: iv–viii).

8.3 Canadian trends

The historical precedents for Canadian interest in corporatism are numerous. In Quebec, for example, corporatist theory was a central component of the conservative Catholic ideology ascendant in the 1920's and 1930's. In this connection, Trudeau (1956:37) has observed of the period that "most of our thinkers saw corporatism as a means to tame the democratic thrust of the trade union movement". Indeed, when the CTCC was organized by the Catholic Church in 1921, it was

done so in accordance with corporatist principles, prime among these being, in the declaration of the day, "repudiation of the false principle of conflict of classes" (quoted in Panitch 1979:52). This notion was pursued by Maurice Duplessis' Union Nationale party, the latter declaring in its first election campaign (1935) the intention to eventually organize employers and workers in the various industries into "corporations" whose leaders would then constitute an economic council to develop general economic policy.

Similarly, shortly before becoming Prime Minister of Canada, William Lyon Mackenzie King published a proposal for a "Partnership in Industry" which would preserve society's "organic unity" through vesting control of the economy in "industrial directorates" composed of representatives from "Labour, Capital, Management and the Community" (quoted in ibid.: 55). Interestingly, when, as Prime Minister, Mackenzie King visited Germany in 1937, he recorded in his diary his enthusiasm for the impact of Nazi corporatist policies on labour-management relations:

> . . . I feel more and more how far reaching in the interests of the working classes, are the reforms being worked out in Germany, and how completely they are on the right lines. They are truly establishing an industrial commonwealth and other nations would be wise to evolve rapidly on similar lines of giving to labour its place in the control of industry . . . Of all that I have seen on this trip abroad, I have been more impressed and more heartened by what seems to be working itself out in Germany in these particulars than on almost anything else. (quoted in *Ottawa Citizen:* 11 Jan. 1975)

Present-day tendencies toward corporatism in Canada accelerated during the first administration of Prime Minister Pierre Elliott Trudeau (1968–79) as a response to the inroads of the capital crisis. Profit squeezes, rising inflation, and an increasingly assertive union movement (also rapidly growing—up 25 percent between 1964 and 1968) led to concern summarized by a senior federal official: "From 1957 to 1963 the share of Canada's national income going to profit and capital had risen steadily. The situation was reversed in 1964 when labour's share began to rise . . . Given these conditions . . . action to stabilize the economy was clearly required" (quoted in Panitch 1979:70). Initiating a series of consultations with business leaders and organized labour over wage and price restraints in the early 1970's in an attempt to evolve a price-and-incomes "consensus", and despite encountering a substantial scepticism from labour, the Trudeau regime proceeded in 1975 with the organization of a tripartite consultative Canadian Labour Relations Board and with the implementation of wage-and-price controls (lasting until 1978) supervised by an Anti-Inflation Board (AIB).

Though both business and labour representatives were invited to join the AIB, the CLC refused to participate. Not that organized labour was unalterably opposed to all variants of corporatism: speaking in 1975, CLC vice president Shirley Carr declared that "the reality . . . is that a new power structure is emerging, one in which the financial community must now share its pereponderance of power with organized labour. If this trend continues, then it will be necessary for

organized labour to adapt to this new order" (quoted in *Canadian Labour*, March 1976:3). Expanding this theme, the CLC declared in *Labour's Manifesto for Canada* in May 1976 that while the government's particular proposals—which it termed "liberal corporatism"—"would mean that the institutions of organized labour would function to ensure the acquiescence of workers to decisions taken by new institutions in which their representatives have no real power", alternative tripartite frameworks would be actively sought once the unilaterally-imposed AIB controls were removed—adding in this connection that, from labour's viewpoint, though "the game is dangerous . . . the stakes are high":

> Because of the close identity between business and government it is unlikely that either would willingly concede to share their power with labour. Business would not be willing to relinquish its power to invest and set its own prices and profits while government would certainly not give up the power to govern. Unless the business community and government are willing to concede power to labour, tripartism will turn into a method of control over labour unions and the cost of labour. This of course is most unsatisfactory.
>
> Nevertheless, this is not to say that tripartism or the equal sharing of all powers between labour, business and government should not be an objective of labour since the wresting of power away from business and its government in the interests of labour is our legitimate goal. This is the price industry and government must pay.
>
> Labour has always set the price at which it would support 'the system' . . . The price of labour's future support must be an equal share in the economic and social decision-making on a national basis with other partners—business and government. (*Canadian Labour*, June 1976:6—9)

During the period 1976—78 a series of proposals and counterproposals flowed between the CLC and the federal government, with the former proposing a tripartite Social and Economic Planning Council and a tripartite Labour Market Board to formulate a national economic plan and direct investment capital accordingly and the latter responding with an "Agenda for Cooperation" including a multipartite "consultative forum" (Panitch 1979:76—78). To date, however, such exchanges have not broken the impasse, with each side continuing to attach predictably different emphases on what binding policy-input should be granted to labour.

In an attempt to begin mobilizing a constituency of public support for the policies of discipline of which corporatism is a long-term component, Prime Minister Trudeau in 1975 inaugurated a series of Trilateralesque public statements on the "new realities". With regard to the movement toward cutbacks in social expenditures, Trudeau's note was unmistakable:

> If we want or need to spend more in one area of the economy, we'll have to spend less in others . . . Governments over the past 20 years have not insisted strongly enough on such a trade-off—have not insisted that if people demand and receive benefits like higher pensions and medical insurance, for example, we must all pay the cost by accepting either a lower level of services in other areas or, alternatively, a slower rate of increase in our standard of living. (Trudeau 1976:452)
>
> . . . It is both possible and desirable to seek a substantial reduction in the rate of government expenditure and direct government intervention and to search for alternative

strategies—less expenditure-oriented—to serve the legitimate social concerns of government, and in fact to better serve society. (quoted in Radwanski 1978:307)

As to the critical question of how to secure public—and, in particular, labour—acquiescence to the coming capital-reallocations and their impact on living standards, Trudeau's response combined calls for a reduction of the public's expectation levels with warnings that government authority must be augmented, stressing continually that the public's "unreasonable" attitudes and demands are the principal barrier to resolving the emerging economic crisis and that society will accordingly have to be substantially restructured:

I will be speaking to you again in the coming months about the new kind of society we will need to create in response to the new economic circumstances in which we are living . . . I will be speaking to you about the need for new attitudes toward economic growth and the exploitation of our natural resources . . . toward labour-management relations, social cooperation and the sharing of our wealth. (quoted in ibid.: 306)

A very high priority for this country must be to find a way to settle labour-management disputes with justice, while at the same time avoiding the enormous loss of productivity which strikes are now causing . . . I believe all Canadians want their governments to have an adequate strength and power to protect the public interest; and that therefore the legislative and regulatory aspects of government might well have to increase in the future . . . Our greatest hope lies . . . in the capacity of each of us to adopt different social and economic values in response to the new reality of our times. (Trudeau 1976:452–3)

For the short and medium term, we have made policy corrections of a very substantial kind and they are taking hold. But I feel less confident that we as nations, as communities, as people, are moving urgently enough to meet the more fundamental, longer-term issues that confront us . . . There is a sense of mistrust that leads to the formation of narrow interest groups seeking to protect themselves at the expense of others and at the expense of the common good. . .

We have fostered expectations of higher incomes that, in turn, have become an important part of the inflationary process . . . Once again the directions are evident. Governments must . . . be careful in their social pursuits not to damage incentive. They must . . . arrive at responsible and non-inflationary wage bargains. Where power exists to realize excessive expectations, that power must be constrained. (Trudeau 1978:14)

The mistaken apprehension by a still-significant element of the Canadian business community that Trudeau's call for increased government portended a shift to socialism (a misapprehension paralleling the initial fears of many American businessmen in the 1930's that Franklin Roosevelt's New Deal was some sort of bolshevik plot) politically benefitted Joe Clark's conservative party, in turn contributing to the latter's electoral victory in 1979. Yet the Conservatives themselves are committed to major public-to-private capital transfers and cutbacks in social expenditures—"we must make major cuts in spending first by removing the principle of universality from family allowance, unemployment insurance and some other programs, and second by imposing strict spending limitations on each department of government" (Clark, quoted in J. and R. Laxer 1977:114).

Accordingly, the Conservatives face the same stark options which confront Trudeau vis-à-vis securing labour assent to the new division of national income: on the one hand, a hands-off, minimum-regulation, "free market" approach which would provoke spiralling management-labour confrontations, and on the other hand, an attempt to co-opt the working-class through corporatist consensus-building and reallocation-legitimizing techniques à la tripartism. Given what would be the disastrous impact of escalating labour-management strife on Canada's foreign capital markets as well as its domestic destabilizing effects, the attractiveness of the corporatist approach is self-evident. It is therefore not surprising that during his assignment as Conservative federal labour critic, John Fraser—a member of the Clark inner cabinet (and since 1978 a member of the Trilateral Commission)—expressed sympathy for the general principle of tripartism, arguing that "we must bring labour, management and government together and create a climate of understanding", that labour wants "to be both respectable and respected", and that problems will continue "until you get representatives of these three organizations to talk about the state of the economy, the course of the economy and the relative shares that each can take out of the economy" (quoted in *Queen's Journal:* 26 November 1976). In this context, Joe Clark provided an intimation of policy directions under a Conservative regime when, in a 19 April 1979 speech to the Empire Club of Toronto, he promised to seek support for his previously-stated goal of "less government . . . and much more reliance on the private sector" by convening a "national conference to set economic goals". His subsequent fall from power over the issue of an austerity budget merely served to underline the growing political attractiveness of consensus-building à la corporatism.

Chapter 9

Conclusion

9.1 The corporatist debate

The late 1970's have seen a gradual intensification of the capital crisis—aggravated in the case of Canada by the aspects of qualitative underdevelopment engendered by mercantilism and foreign ownership—with a resulting economic deterioration summarized by the country's April 1979 "discomfort index" reading of 17.7 percent (the combination of unemployment and inflation rates) as compared to a 1965 index of only slightly over 6 percent. Addressing the Canadian House of Commons on 14 October 1976, then-Minister of Finance Donald MacDonald (now a member of the Trilateral Commission and touted by the press as a possible successor to Pierre Trudeau as Liberal Party leader) conceded there is no immediate prospect for a reversal of this trend:

> The international economy will be marked by strong competition for resources and for markets in the 1980's. Continued growth will add to pressures on the prices of foods, energy and mineral resources. . . . Very large investment requirements will put pressure on our capital resources. Competition for financing, equipment and skilled labour will increase, bidding up the prices of these economic goods.
>
> There are indications that western industrial democracies in general may be entering a period of declining increase in both productivity and growth. Our expectations of rising standards of living will therefore have to keep step with economic performance. These and other challenges will tax our skills and our ability as Canadians to seek the common good of society and cooperate toward its realization.

Similarly sombre notes were struck by the July 1979 report of the Organization of Economic Cooperation and Development's Interfutures Project, which predicted slumping growth rates at best for the remainder of the century (*Financial Post:* 21 July 1979), and by the communiqué issued the same month by the heads of government attending the U.S.-Japanese-West German-French-British-Italian-Canadian Economic Summit Meeting in Tokyo, in which reference was made to economic trends which "will endanger stability in . . . developed countries" and to the leaders' recommendation for "more stimulus for investment and for research and development. . . , regulatory policies which avoid unnecessary impediments to investment and productivity, [and] reduced growth in some public sector current expenditures. . ." (quoted in *Manchester Guardian:* 8 July 1979).[19] Within Canada, even the relatively optimistic projections of the *Financial Post* (1 Sept. 1979) confirm the mounting difficulties facing policymakers, with the *Post* estimating that the average yearly increase of average real earnings in the 1980's will drop to 1 percent (compared to 1.9 percent in the 1970's, 2.3 percent in the

1960's, and 3.1 percent in the 1950's), that inflation and unemployment will remain high, and that increases in the state's "accumulation" expenditures will more than offset cutbacks in "legitimization" expenditures, with the result that government spending in the 1980's will reach 42 percent of GNP (compared to 39.2 percent in the 1970's, 31.3 percent in the 1960's, and 26.3 percent in the 1950's).

The consequent proposals for "deepening" corporatism as a means of avoiding class polarization and social strife in the oncoming economic turbulence face significant obstacles to their implementation. In the first place, the response of the union movement is currently ambivalent, with tripartism being supported by some segments of the movement as a device to give labour more meaningful input into economic policy-making while being denounced by others as a 2-against-1 format for forcing labour compliance with reductions in workers' living standards (see Hoogers 1978). With wariness about corporatism's long-term implications, currently labour's dominant mood, the present CLC president, Dennis McDermott, reflected the movement's uneasy balance on the issue in his response to a request (*Maclean's:* 21 March 1977) to clarify the type of tripartism acceptable to labour:

> A lot of people are agonizing over the mechanics of the tripartite system . . . But if we can get the concept of serious, legitimate input into the decision-making process, not as an alternative to the parliamentary system but as an addition to it—now that's what we seek . . . It looked to a number of other people that we were setting aside the parliamentary system. We would be the last people to do that, because whenever the parliamentary system is substituted by something else we [organized labour] are the first ones to go. We found that out in Hitler's and Mussolini's days. . .

A second major barrier to the implementation of corporatism stems from the fact that the majority of the Canadian working-class is still outside the union movement altogether. While the percentage of unionization is steadily increasing—as of early 1979 it is estimated that union members constitute 39 percent of Canada's non-agricultural paid workers as opposed to 32.5 percent in 1969 (*Financial Post:* 3 February 1979)—much expansion would be needed before the institutional foundation for corporatist "incorporation" could be laid. In addition, implementation of corporatism would necessitate a significant reorganization of the Canadian union movement, which currently is extremely decentralized, both in terms of the relationship of the CLC and the various CLC-affiliated provincial labour federations and in terms of the relationship between the CLC and the nearly 25 percent of Canadian unionists outside the CLC (e.g. the CSN) (Panitch 1979:80—3). The division of jurisdiction in the labour field between the federal and provincial levels of government must also be ranked as a "complicating" factor for corporatism—though federal-provincial willingness to consult on wage-restraint guidelines indicate that such a complication is clearly not insuperable.

Adding impetus to the mounting state and business pressure for widening corporatism is the inadequacy of statutory incomes policies such as the AIB controls

of 1975–78. The essential limitation of such policies has been pointed out by Crouch (1979:57) in his commentary on a parallel British experience:

> It is generally accepted that the policy 'dammed up' claims during its period of operation, but, to continue the metaphor, that the ending of controls breached the dam, resulting in a flood of claims. This is because statutory . . . restraint cannot obliterate the fundamental market (and bargaining) forces leading to pressure for higher pay. Similar arguments apply to price rises.

While the lifting of AIB controls did not produce an immediate "flood of claims"—due to such factors as coincidental (and temporary) decreases in certain food-import costs and, more importantly, the wage-claim depressant effect of Canada's high unemployment levels—the inroads of inflation (running at an annual rate of 9.6 percent as of September 1979) demonstrate Crouch's point about the inevitable impact of "fundamental market forces" on wage claims in the context of prevailing liberal-democratic norms. In this connection, a recent analysis by the CLC points out the context for unfolding confrontations (*Canadian Labour*: 10 August 1979):

> Because consumer prices have been rising faster than earnings, real average earnings per paid workers have been dropping since the end of 1976. At that time, average earnings amounted to $238.08 weekly, and by the first three months of this year weekly earnings were $266.14 or 11.9 percent higher. But over that period consumer prices jumped 21.3 percent so earnings would have had to reach $288.79 this year just to keep pace with inflation. Since that didn't happen, the shortfall between actual earnings paid and those necessary just to maintain the same buying power or standard of living as at the end of 1976 amounted to $22.35 weekly ($288.79–266.44).

As previous chapters have sought to document, it is precisely the desire to restructure prevailing economic and political values so as to secure long-term working-class support for—or at least consent to—the inroads in standards of living engendered by advanced capitalism's "crisis of accumulation" which is leading to an emerging advocacy in Canada and elsewhere of corporatism in its more far-reaching dimensions. The particular attention paid by the Trilateral Commission et al to considerations of new political forms and the invocation of "personalized charismatic leadership" as a possible eventuality are reflective of an already-widespread uncertainty among state and corporate sectors about the viability of liberal-democracy as a framework for mobilizing worker cooperation in the attempt to sustain capitalism in the face of industry's rising capital-intensity. (The distance which has already been travelled in the re-definition of what is politically acceptable is vividly illustrated by the fact that in 1961 Britain's Conservative Prime Minister Harold Macmillan disclaimed any intention of moving towards a statutory incomes policy on the grounds that such a policy would constitute fascism) (Crouch 1979:46).

Ironically, of the various analyses of the dictatorial potentialities of corporatism, one of the most pointed is an assessment offered over twenty years ago by then-sociologist Pierre Trudeau (1956:37):

. . . Objective political economy and sociology have not yet shown how a legal superstructure, which changes nothing essential in capitalist institutions, could reconcile the opposed interests of capital and labour, except for short durations in localized sectors; monopoly tendencies (social and economic) inherent in these agreements would likely create conflicts of interest (cartel against cartel, cartel against consumers, etc.) which could be resolved only by oligarchy or removed only by dictatorship.

9.2. The authoritarian drift

While the discussion about corporatism gains momentum, authoritarian measures by the state are perceptibly being extended—the official attitudes underlying this process being variously indicated by Prime Minister Trudeau's 1968 statement that "in a very real sense civilization and culture in North America are more menaced . . . by internal disorders than by external pressure" and prediction that the future would see the continent destabilized by "large rebellions and . . . disturbances of civil order" (quoted in *Maclean's:* 6 Nov. 1978) and by retired RCMP [Federal Police] Security Service Director-General John Starnes' 1977 declaration that "Canada's internal situation is such that, for the first time since NATO was formed, there is now a potential threat to the security of the North American heartland" (quoted in ibid.).

With a variety of "threats" being defined (of which Quebec's independence movement is but one), the state has cast an increasingly wide security net. For example, surveillance of university political activities has prompted the Canadian Association of University Teachers to protest what it terms "the actions of the security forces . . . designed to intimidate and define permissible political activites" (quoted in *Ubyssey*: 2 March 1979). Similarly, rising police encroachments on the media (manifested in raids on newsrooms to seize documentary materials and in recourse to prosecution under the draconian Official Secrets Act) have led Global Television Network news and current affairs vice president Bill Cunningham to observe: "There are more policemen in more newsrooms in this country now than at any time in the last 25 years. This isn't Nazi Germany . . . But you can't run a news agency looking over your shoulder" (quoted in *Maclean's:* 24 July 1978).

Another major focus of government concern has been the labour movement. Reacting to tightening surveillance and infiltration of unions, the Saskatchewan Federation of Labour called in January 1979 for "explicit protection" against police activities, adding that "almost anyone who has been directly involved in trade union affairs has their own story to tell about obvious spying by the RCMP" and that "it is clear to us, as a result of our direct experience, that the role of the security system in Canada is . . . to protect the security of the status quo". Similar concerns were voiced two months later by CLC and British Columbia Federation of Labour leaders upon discovery that the RCMP Security Service monitors west coast unions—an activity confirmed by federal solicitor-general Jean-Jacques Blais, who characterized such monitoring as part of the security service's mandate

to monitor "activities that are against the established order" (quoted in *Columbian:* 28 March 1979). This pattern is also being duplicated in Quebec, where CEQ president Robert Gaulin has protested Quebec provincial police infiltration of teachers' unions—an activity confirmed by provincial government officials, including Quebec Justice Minister Marc-André Bédard (*Columbian:* 12 March 1979).

While difficult to document with any meaningful statistical precision, such erosions of liberal-democratic political and civil-liberty norms would appear to be accelerating in frequency, a trend which would certainly be consistent with other data presented in this study—as well as in keeping with the tenor of official expressions of concern about the deteriorative impact of economic tensions on the country's social stability (e.g. Bank of Canada Governor Gerald Bouey's 26 October 1979 warning that Canada could soon be "on the brink of social and economic disorder").

9.3 Summary and implications

This study has sought to describe how emerging economic tensions are generating increasing labour-capital conflict, how the task of defining and safeguarding labour interests in this conflict is likely to have the effect of politicizing ever-wider segments of the working-class, and how this prospect in turn is impelling the formulation throughout the advanced capitalist world of new state-corporate strategies aimed at channelling this politicization in a manner that will prevent labour radicalization and "systemic" destabilization. The study has focused on Canada as a case study of these themes and their attendant implications for working-class consciousness.

The study first focused on the general characteristics of advanced capitalism which constitute the primary dynamic underlying resurgent labour-capital tensions. Particular emphasis was placed on the increasing capital-intensity of industrial production, the stagflationary consequences of this trend, and the escalating investment-capital needs of the private sector. State responses to this unfolding capital crisis were examined, as were various longer-term implications of the "fiscal crisis of the state" which is resulting from growing capital transfers from the public sector to the private sector.

The study then examined how the general capital crisis emergent in advanced capitalism as a whole is sharply accentuated in the case of Canada as a result of the particular characteristics of the Canadian economy and polity. In this connection, the study emphasized the unbalanced nature of the Canadian economy resulting from its satellization, the economy's consequent difficulties in generating either sufficient jobs or stable balance of payments, and the formidable cross-pressures on Canadian governments to simultaneously inject investment capital into the private sector and expand public "social investments". The study also

described the aggravation of these pressures as a result of growing U.S. continentalist pressures on Canada and reviewed how Canadian governments' indebtedness through heavy borrowing on the international money market is reaching unprecedented heights.

The study also detailed recent political responses to the capital crisis in Canada and other advanced capitalist societies. Special attention was paid to the role of narrowing economic options and restricted fiscal maneuverability in producing new interest in corporatist formulas as a possible means of securing labour cooperation with new programs of fiscal restraint and austerity. The study also examined the growth of Trilateralist and other state-corporate pressures for modification of existing liberal-democratic structures in the wake of the capital crisis and the general prospects for increasing political authoritarianism. Included in this discussion was speculation on the long-term prospects for new fascist-style movements aimed at co-opting and deflecting rising worker discontent, with relevant historical precedents being cited.

Throughout the study, a particular effort has been made to analyze the implications of the capital crisis for workers and to probe the capacity of the Canadian labour movement to respond to the various challenges posed by this crisis. In this connection, attention was devoted to certain non-economic factors (such as nationalism) impinging on the politicizing dynamics of Canada's economic deterioration, with an examination of specific events and trends within both Quebec and English-speaking Canada also being made. Unifying these various thrusts of the study has been an attempt to illuminate the relationship between the capital crisis and the dynamics of working-class consciousness.

Sociologically, the emergent political patterns with the Quebec and English-speaking union movements in the context of the unfolding capital crisis and the exacerbating complications of Canada's economic satellization do not lend themselves to ironclad predictions about the future of working-class consciousness in the northern tier of North America. At a theoretical level, it is certainly clear that the political transformation of segments of the Quebec labour movement in the 1960's and early 1970's in the direction of an explicitly-articulated working-class consciousness would lend credence to Leggett's aforementioned (see this study's introductory chapter) emphasis on the simultaneous presence of perceived economic insecurity and politically-skilled working-class organizational leadership as necessary "springboard" elements for the engendering of working-class consciousness. On the other hand, to note the importance of such a combination is to note the profoundly conjunctural nature of working-class consciousness.

In this connection, twentieth century history makes it abundantly clear that such factors as economic insecurity, state repression, and politically-versed union leaders do not in and of themselves make the emergence of working-class consciousness an inexorable process, and that, indeed, distinctly contrary possibilities are indicated by the success of various "incorporationist" strategies in diverting

class-polarization in previous economic crisis periods. It seems clear, in fact, that insights into the future dynamics of working-class consciousness in a particular society depend, among other considerations, on insights into the political consciousness and strategies of other classes in that society (which accordingly is why this study has attached such importance to the Trilateral Commission and similar groups), and that insights so formulated in turn enable—at most—statements about *probable* general tendencies, given the multiplicity and complex interplay of factors, including sheer chance, which in the final analysis help determine the precise flow of political events in any given locality.

Subject to these qualifications, what can be predicted with a fair degree of certitude in light of the capital crisis and the concomitantly deepening politicization of industrial relations is that current corporatist stirrings within Canada are but a foretaste of what will be increasingly drastic attempts to channel this politicization so as to forestall any resumed emergence of working-class consciousness in Quebec and the development of any parallel tendency in English-speaking Canada. Moreover, as reverberations of the *Crisis of Democracy* theme resonate throughout the Trilateral region (cf. the *Manchester Guardian*'s 18 February 1979 observation that "without wealth, as we are now seeing, it is not easy to contain the divisions and grievances of the people" and *Le Monde*'s 30 June 1979 warning that the French government is "incapable of solving the problems at the root" and "is increasingly turning to force"), it is clear that Canadian tendencies in this regard form part of a larger pattern in the advanced capitalist world as a whole, a pattern of intensifying economic-political stimuli to both the generation and defusing (whether by co-opting or repression) of working-class consciousness.[20]

How the increasing tension between these tendencies will be resolved will undoubtedly vary from country to country; in the case of Canada, such factors as the resolution of the "national question" in Quebec and the form of continentalism's future modalities will obviously have a crucial bearing on the outcome. The most immediate barometer of the relative disposition of contending forces will probably be provided in the realm of government/public-sector union relations, where the constraints of the state fiscal crisis and the relative lack of sympathy from a tax-burdened public for public-sector wage claims make public-sector unions a likely starting point for any state initiatives aimed at redefining the role and rights of organized labour. In this connection, Canadian Union of Public Employees president Grace Hartman's autumn 1978 warning that she "can almost hear the thunder of jackboots" in emerging state tactics vis-à-vis public-sector unions and Joe Clark's 28 October 1978 declaration that a Conservative regime would consider eventual abolition of the right to strike in the federal public-sector are indicative of likely future confrontations (*Sun:* 28 Oct. 1978; *Province:* 31 Oct. 1978).

The relative lack of general Canadian public concern to date over encroachments on civil liberties and the significant levels of potential popular sup-

port for measures to restrict unions are supported by Gallup Poll findings that the percentage of Canadians supporting workers' right to strike declined from 65 percent to 57 percent during the period 1951—77 while the percentage opposing strike-rights increased from 21 percent to 30 percent (*Star:* 23 Feb. 1977), and a 1978 national public survey indicating that 52 percent believe that unions have too much power while management has too little (*Weekend:* 2 Sept. 1978). Given these findings, prudence would suggest that neither the radicalization of important segments of the Quebec labour movement nòr the tentative indicators of a potentially parallel politicization of English-Canadian unions can be considered proof of the inevitability of a class-conscious working-class.

On the other hand, the assembled evidence indicates that those dynamics which have contributed to the stimulation of working-class consciousness in the past continue to exist and indeed are likely to intensify in the face of the capital crisis, and that it is accordingly appropriate to speak of the real potentiality of the incremental accentuation of working-class consciousness in Canada in the closing decades of this century. And by the same token, there is not sufficient evidence to merit the conclusion that corporatist trends will inevitably produce the triumph of Trilateral-style authoritarianism.

Indeed, in the author's personal view, it is precisely the *un*decided balance between these conflicting forces that provides latter-day sociology with new scope—and urgency—for studies in political economy on the "grand-macro" scale, such work's methodological "loose ends" notwithstanding. It might be added that far more than abstract theoretical adjustments could hinge on the resultant insights and conceptual refinements.

Notes

[1] "Politicization" will be used in its everyday general meaning of deepening involvement in society's political processes. Defined as such, the term does not denote any particular ideological orientation unless otherwise qualified by adjective or usage-context. In a similarly general manner, the terms "militancy" and "radicalization" shall be used to denote respectively political assertiveness and a deepening structural view of politics and society.

[2] See Wright 1976 for an interesting conceptualization of such categories, which he contends occupy "objectively contradictory locations within class relations" (:26).

[3] For an eleboration of the economic dynamics underlying the increasing capital-intensity of industrial production as a result of escalating technology, see Henderson 1978, Mandel 1975a. The initial theoretical analysis of this phenomenon was introduced by Marx in his discussion of the rising "organic composition" of capital.

[4] Discussing the dangerous global North-South tensions already accumulated, West Germany's Willy Brandt warned in late 1979: "The existing international economic arrangements are increasingly unstable. Stocks of arms are piling up. After hunger, chaos threatens, after chaos, war." (Quoted in *Maclean's*: 31 Dec. 1979)

[5] For discussions of the economic importance of arms expenditures—which by United Nations calculations constituted almost half of global gross investment by 1961—see Kidron 1970, Mandel 1975a, Sampson 1977.

[6] For a discussion of other "trade-offs" between capital costs and labour costs possibly facing future corporate decision-makers, see Wright 1978.

[7] For a discussion of many of these issues, see Ulf Himmelstrand, Göran Ahrne, Leif Lundberg and Lars Lundberg, *Beyond Welfare Capitalism: Issues and Forces in Social Transformation* (London: forthcoming in 1980).

[8] The tax burden on an individual is frequently made even heavier as inflation stimulates "higher" salaries which in turn place the individual in a higher income-tax bracket.

[9] An interesting attempt by both levels of government to "painlessly" augment revenue from individuals has come in Canadian governments' increasing recourse to state lotteries.

[10] For discussion of the reciprocal relationship between continentalism and constitutional decentralization see Stevenson 1977, Phillips 1978.

[11] A similar pronouncement was more recently delivered by U.S. Federal Reserve Board chairman Paul A. Volcker, who declared that, for the sake of enhancing capital formation, "the standard of living of the average American has to decline." (Quoted in *Newsweek:* 19 Nov. 1979)

[12] For further discussions of the *crise d'octobre* see Haggart and Golden 1971, Smith 1971.

[13] For a discussion of this point see H. & S. Milner 1973: 186–187.

[14] The most recent indication of hardening PQ attitudes came in November 1979 when the Lévesque regime ended a hospital workers' strike by temporarily suspending their right to strike and threatening more permanent restrictions on the right to strike in the public sector. In this latter regard Lévesque warned: "There is a blacklash—this is not blackmail, it is simply stating a fact obvious to anyone whose eyes and ears are open—a very serious backlash could occur in our society." (Quoted in *Maclean's:* 3 Dec. 1979)

[15] Nelson and Honnold (1973:274) summarize the question facing any government which seeks to generate a stabilizing "national ethos"—an urgent Trilateral priority—in the context of economic austerity: "What social reinforcers would provide value equivalent to that of the finite assets which are in short supply, thus permitting devaluation of resource consumption and concurrent substitution of other rewards . . . and . . . how might such reinforcers be adapted . . . and diffused. . .?"

[16] What has since been a widening exposition of this theme was epitomized by the British periodical *The Economist* in a special survey of the major English-speaking countries in its 23 December 1978 issue, which declared that "across the English-speaking world, the system of government is breaking down . . . Democracy is dying and is going to be replaced by something better . . . It has become clear that voting democracy cannot work. . ."

[17] The urgency of this issue in Canada is illustrated by a June 1978 Ontario government report's estimate that while 500,000 are expected to graduate from the province's post-secondary institutions by 1986, demand for their skills in expected to produce only 155,000 new jobs. (*Sun:* 7 June 1978) In terms of another facet of the issue—Ph.D. production—Canada's output of 1,700 Ph.D. degrees annually by the mid-1970's contrasts with an estimated demand for Ph.D.'s of only 250—350 annually. (Canada 1979a:73; Lockhart 1979:231) Similarly, in the U.S. the Labour Department's estimate is that by 1985 10 million bachelor's-degree graduates "will have only 8 million openings in jobs traditionally held by college graduates." (*Columbian:* 7 March 1979) Underlying the difficult employment outlook for university graduates—and for the increasingly-educated entrants into the labour force generally (cf. the OECD's 1977 warning of a "longer-term imbalance between the growing demand for employment and the absorptive capacity of the economy")—is not only the labour-replacing effect of expanding automated technology but also the fact that the overall net impact of automated processes beyond a certain level is to actually reduce to a certain degree the skill-level of many remaining jobs. (See Gonick 1978, Mandel 1975a)

[18] Interestingly, some prominent fascists of the 1920's and 1930's were themselves former social democrats. But converts to fascism from any anti-capitalist background who insisted that fascism's anti-"big business" rhetoric carried an obligation to produce policies aimed at establishing a regime of the workers were invariably repressed after the fascists secured state power—e.g. the Nazis' 1934 purge of Gregor Strasser et al.

[19] The OECD's subsequent World Economic Review issued in December 1979 was even more pessimistic, including—in the words of the 6 Jan. 1980 *Manchester Guardian*—"a spine-chilling hint that the world economic crisis could become unmanageable."

[20] Concern about the capital crisis' politicizing impact on the American working-class was expressed in a *Newsweek* symposium on prospects for the eighties. Warned former presidential advisor Arthur Schlesinger, Jr.: "We will not have the economic surplus to lubricate social change. Our economy will tend increasingly toward a zero-sum game, where one person's gain is another person's loss; and the result can only be an alarming increase in tension between the classes." (*Newsweek:* 19 Nov. 1979) A similar perspective was offered by Nobel-laureate economist Paul A. Samuelson: "Secretary of the Treasury

G. William Miller speaks of years of austerity . . . Can our democratic synthesis credibly have the staying power to carry through this draconian therapy? Economics is perforce political economy. If the class struggle flares up in the early 1980s . . . the economic toll will be heavy and we may come to look back on the troubled 1970's as something of a golden age." (Ibid.)

References

Abella, Irving Martin, 1973, *Nationalism, Communism and Canadian Labour,* Toronto and Buffalo: University of Toronto Press.

Ahrne, Göran and Ulf Himmelstrand, Leif Lundberg, 1978, " 'Middle Way' Sweden at a Cross-Road: Problems, Actors and Outcomes", *Acta Sociologica*, Vol. 21, No. 4, pp. 317–340.

Allen, Gary, 1971, *None Dare Call It Conspiracy*, Rossmoor, California: Concord Press.

Appelbaum, Richard P., 1978, "Marx's Theory of the Falling Rate of Profit: Towards a Dialectical Analysis of Structural Social Change", *American Sociological Review*, Vol. 43 (February), pp. 67–80.

Archer, Jules, 1973, *The Plot to Seize the White House*, New York: Hawthorn Books.

Arnaud, Nicole and Jacques Dofny, 1977, *Nationalism and the National Question: Québec/Occitanie*, Montreal: Black Rose Books.

Aronowitz, Stanley, 1973, *False Promises: The Shaping of American Working Class Consciousness*, New York: MacGraw-Hill.

Auf der Maur, Nick, 1973, "ITT moves in on Canada", *The Last Post*, Vol. 3, No. 4, pp. 20–27.

Ayres, Robert U. and Allen V. Kneese, 1972, *Economic and Ecological Effects of a Stationary State.* Resources for the Future.

Bahr, Howard M. and Bruce A. Chadwick, Darwin L. Thomas (ed.), 1972, *Population, Resources, and the Future: Neo-Malthusian Perspectives*, Provo, Utah: Brigham Young University.

Baran, Paul A. and Paul M. Sweezy, 1966, *Monopoly Capital: An Essay on the American Economic and Social Order*, New York and London: Monthly Review Press.

Barber, Joseph, 1958, *Good Fences Make Good Neighbors*, Toronto: McClelland and Stewart.

Barkin, Solomon (ed.), 1975, *Worker Militancy and Its Consequences 1965–75: New Directions in Western Industrial Relations,* New York: Praeger.

Barnet, Richard J. and Ronald E. Muller, 1974, *Global Reach: The Power of the Multinational Corporations*, New York: Simon and Schuster.

Barraclough, Geoffrey, 1974, "The End of an Era", *The New York Review of Books*, Vol. 21, No. 11 (27 June), pp. 14–20.

Bell, Daniel, 1976, *The Cultural Contradictions of Capitalism*, New York: Basic Books.

Bennet, Arnold, 1973, "Labour and the Quebec Election", *Our Generation*, Vol. 9.

Bergsten, C. Fred, 1974–75, "The Response to the Third World", *Foreign Policy*, No. 17 (Winter), pp. 3–34.

Bernier, Bernard, 1976, "The Penetration of Capitalism in Quebec Agriculture", *The Canadian Review of Sociology and Anthropology*, Vol. 13, No. 4, pp. 422–434.

Bernier, Lucie and Serge Denis, George Karam, Kenneth Kerr, Louis Le Borgne, Jean-Marc Piotte, Mathias Rioux, 1973, *La Lutte syndicale chez les enseignants*, Montreal: Editions Parti Pris.

Betcherman, Lita-Rose, 1975, *The Swastika and the Maple Leaf: Fascist Movements in Canada in the Thirties*, Toronto: Fitzhenry and Whiteside.

Birnbaum, Norman (ed.), 1977, *Beyond the Crisis*, London: Oxford University Press.

Blumenthal, W. Michael, 1978, "Steering in Crowded Waters", *Foreign Affairs*, Vol. 56, No. 4 (July), pp. 728–739.

Bottomore, T.B. 1965, *Classes in Modern Society*, London: George Allen & Unwin.
Bourgault, Pierre L., 1972, *Innovation and the Structure of Canadian Industry*, Ottawa: Science Council of Canada/Information Canada.
Bourque, Gilles, 1977, *L'Etat capitaliste et la question nationale*, Montreal: Les Presses de l'Université de Montréal.
Bourque, Gilles and Nicole Laurin-Frenette, 1972, "Social classes and nationalist ideologies in Quebec 1760–1970", *Capitalism and the National Question in Canada*, ed. Gary Teeple, Toronto and Buffalo: University of Toronto Press, pp. 185–211.
Bowles, Samuel, 1977, "The Trilateral Commission: Have Capitalism and Democracy Come to a Parting of the Ways?" *The Progressive*, Vol. 41, No. 6 (June), pp. 20–23.
Brandt, Willy, 1978, Text of speech delivered to the Socialist International Congress, Vancouver, 3 November.
Braverman, Harry, 1974, *Labor and Monopoly Capital*, New York: Monthly Review Press.
Brookfield, Harold, 1975, *Interdependent Development*, London: Methuen.
Brossard, Philippe J., 1971, *Sold American!* Toronto: Peter Martin Associates.
Brown, Lorne and Caroline, 1973, *An Unauthorized History of the RCMP*, Toronto: James Lewis & Samuel.
Brzezinski, Zbigniew, 1970, *Between Two Ages: America's Role in the Technotronic Era*, New York: Viking Press.
– 1974–5, "Recognizing the Crisis", *Foreign Policy*, No. 17 (Winter), pp. 63–74.
Business Week (New York), 1974, 12 October (Special Issue: The Debt Economy).
– 1975 22 September (Special Issue: The Capital Crisis).
– 1978 16 October (Special Issue: The New Debt Economy).
Calic, Edouard, 1971, *Unmasked: Two Confidential Interviews with Hitler in 1931*, London: Chatto & Windus.
Campbell, Colin, 1977, *Canadian Political Facts 1945–1976*, Toronto: Methuen.
Canada, Government of, 1970, *Report of the Royal Commission on Bilingualism and Biculturalism*, Vol. 3, Ottawa: Information Canada.
– 1977, *Canada Year Book*, Ottawa: Statistics Canada.
– 1978, *Canada-United States Relations (Vol. II): Canada's Trade Relations with the United States*, Ottawa: Standing Senate Committee on Foreign Affairs.
– 1979a, *From the Sixties to the Eighties: A Statistical Portrait of Canadian Higher Education*, Ottawa: Statistics Canada.
– 1979b, Letter to Paul Willox from the Office of the Secretary of State for External Affairs, 28 May.
– 1979c, *Consumer Price Indexes*, Ottawa: Statistics Canada.
– 1979d. Statistics Canada release, 7 March.
Canadian Chamber of Commerce, 1968, *Statement of Policy*, Montreal.
Canadian Dimension (Winnipeg), 1970, Special Issue on Quebec, Vol. 7, No. 5 (December).
– 1977, "Shifting the Tax Burden", Vol. 12, No. 2 (April), p. 8.
Canadian Labour Congress, 1976, "Labour's Manifesto for Canada", *Canadian Labour*, June, pp. 2–9.
– 1978a, "An Industrial Strategy for Canada", *Canadian Labour*, June, pp. 25–26.
– 1978b, "An Economic, Political and Industrial Strategy for Canada", *Canadian Labour*, June, pp. 27–34.
– 1978c, "Energy and Jobs", *Canadian Labour*, June, pp. 40–43.
– 1978d, "Policy on GATT", *Canadian Labour*, June, pp. 44–47, 59.
– 1978e, "Technological Change and Jobs", *Canadian Labour*, June, pp. 55–59.
– 1979, *Canadian Labour*, 11 May–7 September.
Carver, Richard, 1978, "Provincial Laws Against Public Service Unions", *Canadian Labour*, September, pp. 11–13.

CEQ (Corporation, Centrale de l'Enseignement du Québec), 1971, *Premier Plan: livre blanc sur l'action politique*, Québec.
– 1973, "Les syndicats et l'opposition extra-parlementaire: notes pour l'allocution du président devant le syndicat des professeurs de Québec métropolitain", Québec.
Chodos, Robert and Nick Auf der Maur (ed.), 1972, *Quebec: A Chronicle 1968–1972*, Toronto: James Lewis & Samuel.
Chu, Paul, 1979, "Scarcity and Resource Allocation: Organizations in the Social Context", unpublished paper, University of British Columbia.
Clark, Samuel D. and J. Paul Grayson, Linda M. Grayson, 1975, *Prophecy and Protest: Social Movements in Twentieth-Century Canada*, Toronto: Gage.
Clement, Wallace, 1975, *The Canadian Corporate Elite: Economic Power in Canada*, Toronto: McClelland and Stewart.
– 1977, *Continental Corporate Power: Economic Elite Linkages between Canada and the United States*, Toronto: McClelland and Stewart.
Cockerill, A.W., 1977, "The American Dream: the Canadian Nightmare", *Vancouver Sun*, 9 December.
Cole, H.S.D. et al., 1973, *Thinking About the Future: A Critique of the Limits to Growth*, London: Chatto & Windus.
Colletti, Al, 1979, "China's Modernization Will Have Worldwide Impact", *Columbian*, 17 March.
Collison, Robert, 1977a, "The Castration of Canadian Business", *Saturday Night* (July/August), pp. 11–15.
– 1977b, "Is There a Rockefeller Conspiracy in Your Future?", *Saturday Night* (October), pp. 30–1, 33–4, 36, 38, 43–5.
Columbian, The (New Westminster), 1979, 24 Jan.; 16, 20, 22 Feb.; 2, 8, 12, 28 March; 2 April; 9 May.
Cordell, Arthur J., 1971, *The Multinational Firm, Foreign Direct Investment, and Canadian Science Policy*, Ottawa: Science Council of Canada.
Crocker, Ron, 1978, "No, not our Inco!" *The Last Post*, Vol. 6, No. 8 (June), pp. 34–39.
Crotty, James, 178, "Why Laissez-Faire Economics Won't Work", *Vancouver Sun*, 2 August.
Crouch, Colin, 1979, *The Politics of Industrial Relations*, Fontana/Collins.
Crozier, Michel and Samuel P. Huntingdon, Joji Watanuki, 1975, *The Crisis of Democracy: Report on the Governability of Democracies to the Trilateral Commission*, New York: New York University Press.
Crump, Norris A., 1971, "On Being a Canadian"–Text of an address to the Canadian Manufacturers Association, Toronto, 7 June.
Crysdale, Stewart and Christopher Beattie, 1977a, *Sociology Canada: An Introductory Text*, Second Edition, Toronto: Butterworth & Co.
– 1977b, *Sociology Canada: Readings*, Second Edition, Toronto: Butterworth & Co.
CSN (Confédération des Syndicats Nationaux), 1970, *Le deuxième front: rapport moral du président de la CSN au congrès 1968*, Montreal.
– 1972, "We Can Rely Only on Our Own Means", *Quebec Labour*, Montreal: Black Rose Books.
CSN/CEQ, 1979, *Histoire du mouvement ouvrier au Québec (1825–1976)* (by Béatrice Chiasson, Michel Doré, Hélène David, Louis Fournier, Jean-Marc Montagne, Hélène Paré, Stanley Ryerson, and Céline Saint-Pierre).
Cuneo, Carl J., 1976, "The Social Basis of Political Continentalism in Canada", *Canadian Review of Sociology and Anthropology*, Vol. 13, No., 1 (February), pp. 55–70.
Dahrendorf, Ralf, 1959, *Class and Class Conflict in Industrial Society*, London: Routledge and Kegan Paul.

Davies, D.I. and Kathleen Herman (ed.), 1971, *Social Space: Canadian Perspectives*, Toronto: New Press.
Davis, Horace B., 1967, *Nationalism & Socialism: Marxist and Labor Theories of Nationalism to 1917*, New York and London: Monthly Review Press.
Deaton, Ric, 1973, "The Fiscal Crisis of the State", *The Political Economy of the State*, ed. Dimitrios I. Roussopoulos, Montreal: Black Rose Books.
Dion, Gérard (ed.), 1973, *La Politisation des Relations du Travail*, Québec: Les Presses de l'Université Laval.
Doyle, Kevin, 1979, "Free Trade: The Disappearing Border", *Mclean's*, 23 July, pp. 18–22.
Drache, Daniel (ed.), 1972, *Quebec–Only the Beginning: the Manifestos of the Common Front*, Toronto: New Press.
Dubos, René, 1970, *Reason Awake: Science for Man*, New York and London: Columbia University Press.
Dupont, Pierre, 1976, *How Lévesque Won*, Toronto: James Lorimer & Son.
Dupont, Pierre and Gisèle Tremblay, 1976, *Les Syndicats en crise*, Montreal: Les Editions Quinze.
Dutt, R. Palme, 1974, *Fascism and Social Revolution*, Chicago: Proletarian Publishers.
Dye, Thomas, R., 1976, *Who's Running America? Institutional Leadership in the United States*, Englewood Cliffs, New Jersey: Prentice-Hall.
Ellinger, M. and J. Rowntree, 1973, "On Revolution in the Metropolis", *The Political Economy of the State*, ed. Dimitrios I. Roussopoulos, Montreal: Black Rose Books.
Enders, Thomas O., 1976, "What the U.S. really wants from Canada", *Financial Post*, 22 May.
Esping-Andersen, Gösta, 1978, "Political Contradictions of Welfare State Expansion"–Paper presented to the 9th World Congress of Sociology, Uppsala, August 14–19.
Esping-Andersen, Gösta and Roger Friedland, Erik Olin Wright, 1979, "Class struggle and the capitalist state", *Capitalist Society: Readings for a Critical Sociology*, ed. Richard Quinney, Homewood-Illinois: Dorsey Press, pp. 141–152.
Ethier, Diane and Jean-Marc Piotte, Jean Reynolds, 1975, *Les Travailleurs contre l'Etat bourgeois: avril et mai 1972*, Montreal: Les Editions de l'Aurore.
Fanon, Frantz, 1968, *The Wretched of the Earth*, New York: Grove Press.
Financial Post (Toronto), 1974, 21 December.
– 1976, 5 June.
– 1977, 29 Oct., 19 Nov., 10 Dec.
– 1978, 25 Feb., 16 Sept., 14 Oct., 4 Nov.
– 1979, 3, 17 Feb.; 3, 10, 17 March; 7, 21 April; 5 May; 9, 16, 23 June; 21 July; 4, 11, 25 August; 1 Sept.
Finn, Ed, 1978, "Layoffs in the Public Sector", *Canadian Labour*, September, pp. 6–8, 36.
Forcese, Dennis, 1975, *The Canadian Class Structure*, Toronto: McGraw-Hill Ryerson.
Fortune (New York), 1933, January.
– 1934, July (Special Issue on Italian Fascism).
Frank, Andre Gunder, 1969a, *Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil*, New York and London: Monthly Review Press.
– 1969b, *Latin America: Underdevelopment or Revolution–Essays on the Development of Underdevelopment and the Immediate Enemy*, New York and London: Monthly Review Press.
– 1972, *Lumpenbourgeoisie: Lumpenproletariat–Dependence, Class and Politics in Latin America*, New York and London: Monthly Review Press.

– 1976a, "Economic Crisis, Third World and 1984", *World Development*, Vol. 4, Nos. 10/11, pp. 853–861.
– 1976b, "World Crisis and Underdevelopment"–Lecture delivered at the Catholic University, Tilburg, Netherlands, 26 October.
Freeman, Harold, 1977, "On Consuming the Surplus", *The Progressive*, Vol. 41, No. 2, (February) pp. 20–21.
Frieden, Jeff, 1977, "The Trilateral Commission: Economics and Politics in the 1970's", *Monthly Review*, Vol. 29, No. 7 (December), pp. 1–22.
Friesen, J. and H.K. Ralston (ed.), 1976, *Historical Essays on British Columbia*, Toronto: McClelland and Stewart.
Fry, John, 1974, *Marcuse–Dilemma and Liberation: A Critical Analysis*, Stockholm: Almqvist & Wiksell International.
FTQ (Fédération des Travailleurs du Québec), 1971, *L'Etat, rouage de notre exploitation*, Montreal.
Galbraith, John Kenneth, 1973, *Economics and the Public Purpose*, Boston: Houghton Mifflin.
– 1978, Review of William E. Simon, *A Time for Truth*, in *Manchester Guardian*, 4 June.
Gamble, Andrew and Paul Walton, 1976, *Capitalism in Crisis: Inflation and the State*, London: Macmillan.
Gauthier, Robert, 1978, "Hello to arms!" *The Last Post*, Vol. 6, No. 8 (June), pp. 29–33.
Gerard, Warren, 1979, "Labor: Year of the power play", *Maclean's*, 5 March, pp. 41–44.
Giddens, Anthony, 1975, *The Class Structure of the Advanced Societies*, New York: Harper & Row.
Gjerstad, Ole, 1973, "The Working Class in the Age of Imperialism", unpublished paper, Uppsala University.
Globe and Mail, The (Toronto), 1976, 13 December.
– 1977, 9 March.
Godfrey, Dave and Mel Watkins, 1970, *Gordon to Watkins to You–A Documentary: the Battle for Control of our Economy*, Toronto: New Press.
Gonick, Cy, 1971, "The Scourge of Unemployment", *Canadian Dimension*, June-supplement.
– 1972, "Metropolis/Hinterland Themes", *Canadian Dimension*, Vol. 8, No. 2 (March–April).
– 1975, *Inflation or Depression: The Continuing Crisis of the Canadian Economy*, Toronto: James Lorimer & Co.
– 1977, "The New Patriotes", *Canadian Dimension*, Vol. 12, No. 2 (April), pp. 32–37.
– 1978, *Out of Work*, Toronto: James Lorimer & Co.
Gordon, Walter, 1975, *Storm Signals: New Economic Policies for Canada*, Toronto: McClelland and Stewart.
– 1978, *What is Happening to Canada?* Toronto: McClelland & Stewart.
Grant, George, 1965, *Lament for a Nation: The Defeat of Canadian Nationalism*, Toronto: McClelland and Stewart.
Grunberger, Richard, 1971, *The 12-Year Reich: A Social History of Nazi Germany 1933–1945*, New York: Holt, Rinehart & Winston.
Guerin, Daniel, 1973, *Fascism and Big Business*, 2nd U.S. Edition, New York: Monad Press (original French edition, 1936).
Haggart, Ron and Aubrey E. Golden, 1971, *Rumours of War*, Toronto: New Press.
Halliday, Jon and Gavan McCormack, 1973, *Japanese Imperialism Today*, Harmondsworth-England: Penguin Books.
Harman, Sidney, 1979, "For an 'America, Inc.'" *Newsweek*, 12 March.

Harrington, Michael, 1966, *The Accidental Century,* Baltimore: Penguin Books.
– 1976, *The Twillight of Capitalism*, New York: Simon & Schuster.
– 1978, "Socialism and Economic Democracy", *Socialist Affairs* (London), November/December, pp. 153–155.
Hawke, Robert, 1978, Text of speech delivered to the Socialist International Congress, Vancouver, 4 November.
Hechter, Michael, 1975, *Internal Colonialism: The Celtic Fringe in British National Development*, Berkeley and Los Angeles: University of California Press.
Heilbroner, Robert L., 1975, *An Inquiry into the Human Prospect*, Second Edition, New York: W.W. Norton & Co.
– 1976, *Business Civilization in Decline*, New York: W.W. Norton & Co.
Heilbroner, Robert L. and Peter L. Bernstein, 1971, *A Primer on Government Spending*, Second Edition, New York: Random House.
Henderson, Hazel, 1978, *Creating Alternative Futures: The End of Economics,* New York: Berkeley Publishing Corporation.
Heron, Craig (ed.), 1977, *Imperialism, Nationalism and Canada*, Toronto: New Hogtown Press.
Hicks, Alexander and Roger Friedland, Edwin Johnson, 1978, "Class Power and State Policy: The Case of Large Business Corporations, Labor Unions, and Governmental Redistribution in the American States", *American Sociological Review*, Vol. 43 (June) pp. 302–315.
Himmelstrand, Ulf, 1977, "Socialism and Social Liberalism in the Context of Swedish Societal Change"–paper presented to the Symposium on the Small Welfare State between Domestic Pressures and International Dependency, Uppsala, 13–18 June.
– 1979, "Sweden: Paradise in Trouble", *Dissent*, Vol. 26, No. 1 (Winter), pp. 117–128.
Hirsch, Fred, 1978, *Social Limits to Growth*, Cambridge-Mass.: Harvard University Press.
Hirschhorn, Larry, 1979, "The Political Economy of Social Service Rationalization", *Capitalist Society: Readings for a Critical Sociology*, ed. Richard Quinney, Homewood-Illinois: Dorsey Press, pp. 153–166.
Hoffmann, Stanley, 1978, *Primacy or World Order: American Foreign Policy since the Cold War*, New York: McGraw-Hill.
Hoogers, Evert, 1978, "A Report from the Convention", *Canadian Dimension*, Vol. 13, No. 3 (August–September), pp. 16–23.
Horowitz, Gad, 1968, *Canadian Labour in Politics*, Toronto and Buffalo: University of Toronto Press.
House of Commons (Canada), 1976, *Debates*, 14 October.
Hutcheson, John, 1978, *Dominance and Dependency: Liberalism and National Policies in the North Atlantic Triangle*, Toronto: McClelland and Stewart.
Hymer, Stephen, 1978, "International Politics and International Economics: A Radical Approach", *Monthly Review*, Vol. 29, No. 10 (March), pp. 15–35.
Isaak, Robert A., 1977, *American Democracy and World Power*, New York: St. Martin's Press.
Isacsson, Magnus, 1973, "Quebec: Nothing Satisfies the Investors", *The Last Post*, Vol. 2 (July).
Jacoby, Henry, 1973, *The Bureaucratization of the World*, Berkeley: University of California Press.
Jalée, Pierre, 1968, *The Pillage of the Third World*, New York and London: Monthly Review Press.
– 1969, *L'Impérialisme en 1970*, Paris: François Maspero.
Jauvin, Pierre, 1971, *Sous-développement au Québec et dans le monde*, Montreal: Centre d'animation de culture ouvrière.

Johnson, Leo A., 1972, "The Development of Class in Canada in the Twentieth Century", *Capitalism and the National Question in Canada*, ed. Gary Teeple, Toronto and Buffalo: University of Toronto Press, pp. 141–184.
Johnson, Walter, 1978, *The Trade Unions and the State*, Montreal: Black Rose Books.
Kalb, Marvin and Bernard Kalb, 1974, *Kissinger*, Boston.
Kerr, Clark and John T. Dunlop, Frederick H. Harbison, Charles A. Myers, 1964, *Industrialism and Industrial Man: The Problems of Labor and Management in Economic Growth*, New York: Oxford University Press.
Kidron, Michael, 1970, *Western Capitalism Since the War*, Revised Edition, Harmondsworth-England: Penguin Books.
Kolberg, Jon Eivind, 1978, "Limits to Welfare", *Acta Sociologica–Journal of the Scandinavian Sociological Association*, Vol. 21–Supplement, pp. 97–109.
Kucharczyk, John, 1979, "R&D Key to Future Canadian Growth", *C.A.U.T. Bulletin* (Canadian Association of University Teachers), February, p. 1.
LaBerge, Roy, 1976, "National Day of Protest", *Canadian labour*, December. pp. 14–17.
Landes, David S. (ed.), 1977, *Western Europe: The Trials of Partnership–Critical Choices for Americans, Vol. VIII*, Lexington-Mass. and Toronto: Lexington Books.
Lang, John, 1979, "Labour Notes", *This Magazine*, Vol. 13, No. 3 (July/August), pp. 36–39.
Last Post, The (Toronto), 1972, July.
Latouche, Daniel, 1975, "National and Class Interests in an Electrical Context: the Quebec Case", paper presented to the International Political Science Association, Dubrovnik, Yugoslavia.
Laruendeau, Marc, 1974, *Les Québécois violents: un ouvrage sur les causes et la rentabilité de la violence d'inspiration politique au Québec*, Québec: Les Editions du Boréal Express.
Lauzon, Adele and Roger Marchand, 1973, "Radicalisation du mouvement ouvrier et actions illégales", *Le Monde diplomatique*, June, p. 6.
Laxer, James and Robert Laxer, 1977, *The Liberal Idea of Canada: Pierre Trudeau and the Question of Canada's Survival*, Toronto: James Lorimer & Co.
Laxer, Robert M., 1973, (ed.) *(Canada) Ltd.: The Political Economy of Dependency*, Toronto: McClelland and Stewart.
– 1976, *Canada's Unions*, Toronto: James Lorimer & Co.
Le Borgne, Ouis, 1976, *La CSN et la Question nationale depuis 1960*, Montreal: Les Editions Albert St-Martin.
Le Devoir (Montreal), 1977, 17 Feb.
Legaré, Anne, 1977, *Les Classes sociales au Québec*, Montreal: Les Presses de l'Université du Québec.
Leggett, John C., 1968, *Class, Race, and Labor: Working-Class Consciousness in Detroit*, New York: Oxford University Press.
– 1973, *Taking State Power: The Sources and Consequences of Political Challenge*, New York: Harper & Row.
Leiss, William, 1976, *The Limits to Satisfaction: An Essay on the Problems of Needs and Commodities*, Toronto and Buffalo: University of Toronto Press.
Lemoine, B. Roy, 1973, "The Growth of the State in Quebec", *The Political Economy of the State*, ed. Dimitrios I. Roussopoulos, Montreal: Black Rose Books.
Le Monde (Paris), 1978, 3 December.
– 1979, 30 June.
Levinson, Charles, 1978, "The Two-Tier World Economy or the Advent of the Growth Recession", *The New International Review*, Vol. 1, No. 4, pp. 37–50.

Levison, Andrew, 1974, *The Working-Class Majority*, New York and Baltimore: Penguin Books.
Levitt, Kari, 1971, *Silent Surrender: the Multinational Corporation in Canada*, Toronto: Macmillan.
Lewis, David, 1972, *Louder Vocies: the Corporate Welfare Bums*, Toronto: James Lewis & Samuel.
Lindblom, Charles E., 1977, *Politics and Markets: The World's Political-Economic Systems*, New York: Basic Books.
Linder, Staffan, 1970, *The Harried Leisure Class*, New York: Columbia University Press.
Lipset, Seymour Martin, 1960, *Political Man*, Garden City-N.Y.: Doubleday.
– 1971, *Agrarian Socialism—the Cooperative Commonwealth Federation in Saskatchewan: A Study in Political Sociology*, Berkeley: University of California Press.
Lipsig, Carla, 1972, "The Politics of the CNTU", *Canadian Dimension*, Vol. 9, No. 1, pp. 20–22.
Lipton, Charles, 1973, *The Trade Union Movement of Canada 1827–1959*, Third Edition, Toronto: NC Press.
Litvak, Isaiah A. and Christopher J. Maule, 1977, "Canadian Multinationals in the Western Hemisphere", *Sociology Canada: Reader*, Second Edition, ed. C. Beattie and S. Crysdale, Toronto: Butterworths, pp. 217–225.
Lockhart, Alexander, 1979, "Educational Opportunities and Economic Opportunities—The 'New' Liberal Equality Syndrome", *Economy, Class and Social Reality*, ed. J.A. Fry, Toronto: Butterworths, pp. 224–237.
Loney, Martin, 1977, "A political economy of citizen participation", *The Canadian State: Political Economy and Political Power*, ed. L. Panitch, Toronto and Buffalo: University of Toronto Press, pp. 446–473.
Maclean, Frances, 1979, "Stitching Up the Haitian Economy", *Washington Post*, 22 July.
Maclean's (Toronto), 1977, 21 march 24 July, 6 November.
Magdoff, Harry and Paul Sweezy, 1976, "Capital Shortage: Fact and Fancy", *Monthly Review*, Vol. 27, No. 11 (April), pp. 1–19.
Magil, A.B. and Henry Stevens, 1938, *The Peril of Fascism: The Crisis of American Democracy*, New York: International Publishers.
Malloy, James M., 1974, "Authoritarianism, Corporatism and Mobilization in Peru", *The Review of Politics*, Vol. 36, No. 1 (January), pp. 52–84.
Manchester Guardian, 1979, 8 July.
Mandel, Ernest, 1968, *Marxist Economic Theory*, London: Merlin.
– 1975a, *Late Capitalism*, London: Verso.
– 1975b, *The Generalized Recession of the International Capitalist Economy*, Toronto: Forward Books.
– 1977, "Late Capitalism, State Power and the Transition to Socialism in Western Europe", paper delivered at Uppsala University, 16 June.
Mann, Edward and John Alan Lee, 1979, *RCMP Against the People: Inside Canada's Security Service*, Don Mills: General Publishing Co.
Marcuse, Herbert, 1964, *One-Dimensional Man; Studies in the Ideology of Advanced Industrial Society*, Boston: Beacon Press.
– 1969, *An Essay on Liberation*, Boston: Beacon Press.
Martin, Patrick, 1977, "Rocky's U.N.", *Maclean's*, 17 October, pp. 44m-r.
McCarthy, Colman, 1978, "Industry's Assault on Workplace Safety", *Washington Post*, reprinted in *Manchester Guardian*, 1 October.
McCormack, A. Ross, 1977, *Reformers, Rebels, and Revolutionaries: the Western Canadian Radical Movement*, Toronto and Buffalo: University of Toronto Press.

McCready, Gerald B., 1977, *Profile Canada: Social and Economic Projections*, Georgetown, Ontario: Irwin-Dorsey.
McDermott, Dennis, 1978, Text of speech delivered to the Socialist International Congress, Vancouver, 4 November.
McKie, Craig, 1977, "Some Views on Canadian Corporatism", *Sociology Canada: Readings*, Second Edition, ed. C. Beattie and S. Crysdale, Toronto: Butterworths, pp. 226–240.
Meadows, Donella H. and Dennis L. Meadows, Jorgen Randers, and William W. Behrens III, 1972, *The Limits to Growth: A Report for the Club of Rome*, New York: Universe Books.
Mermelstein, David (ed.), 1975, *The Economic Crisis Reader*, New York: Vintage Books.
Miliband, Ralph, 1969, *The State in Capitalist Society: The Analysis of the Western System of Power*, London: Quartet Books.
– 1973, "Poulantzas and the Capitalist State", *New Left Review*, 82 (November-December).
Miller, Richard Ulric and Fraser Isbester (ed.), 1971, *Canadian Labour in Transition*, Scarborough-Ontario: Prentice-hall of Canada.
Mills, C. Wright, 1962, *The Marxists*, New York: Dell.
Milner, Henry, 1977, "The decline and fall of the Quebec Liberal regime: contradictions in the modern Quebec state", *The Canadian State: Political Economy and Political Power*, ed. L. Panitch, Toronto and Buffalo: University of Toronto Press, pp. 101–133.
– 1978, *Politics in the New Quebec*, Toronto: McClelland and Stewart.
Milner, Henry and Sheilagh Hodgins Milner, 1973, *The Decolonization of Quebec: An Analysis of Left-Wing Nationalism*, Toronto: McClelland and Stewart.
Moore, Barrington, Jr., 1966, *Social Origins of Dictatorship and Democracy*, Boston: Beacon Press.
Morris, Joe, 1976, "Towards a Corporate State?" *Canadian Labour*, March, pp. 2–8, 36.
Morrison, Denton E., 1977, "Growth, Environment, Equity and Scarcity", *Social Science Quarterly* 57, pp. 292–306.
Morton, James L., 1974, *In the Sea of Sterile Montains*, Vancouver: J.J. Douglas.
Mosley, Hugh, 1978, "Is There a Fiscal Crisis of the State?", *Monthly Review* (New York), May, pp. 34–46.
Murphy, Rae, 1972, "Electronics: The Sad Saga of 15KY8A", *Corporate Canada: 14 Probes into the Workings of a Branch-Plant Economy*, ed. Rae Murphy and Mark Starowicz, Toronto: James Lewis & Samuel.
Myers, Gustavus, 1972, *A History of Canadian Wealth*, Toronto: James Lewis & Samuel (original edition 1914).
Naylor, R.T., 1972, "The Rise and Fall of the Third Commercial Empire of the St. Lawrence", *Capitalism and the National Question in Canada*, ed. Gary Teeple, Toronto and Buffalo: University of Toronto Press, pp. 1–41.
Nelson, L.D. and Julie Honnold, 177, "Planning for Resource Scarcity: A Critique of Prevalent Proposals", *Social Science Quarterly* 57, pp. 339–349.
Newman, Peter C., 1971, "A Struggle for Survival", *Vancouver Sun*, 9 October.
Newton, Ronald C., 1974, "Natural Corporatism and the Passing of Populism in Spanish America", *The Review of Politics*, Vol. 36, No. 1 (January), pp. 34–51.
New York Times, 1966, 15 May.
– 1974, 7 October.
Newsweek, 1971, 6 September.
– 1975, 16 June.
– 1979, 22 January, 19 March, 24 September.

Niosi, Jorge, 1978, *Le Contrôle financier du capitalisme canadien*, Montreal: Les Presses de l'Université du Québec.
– 1979, "The New French-Canadian Bourgeoisie", *Studies in Political Economy: A Socialist Review*, Number 1 (Spring), pp. 113–161.
O,Connor, James, 1973, *The Fiscal Crisis of the State*, New York: St. Martin's Press.
Odyssey (Toronto), 1979, "Taxed to the Limit: Howard Jarvis thinks Canadians deserve 'Proposition One' ", Vol. 1, No. 2, pp. 10–12.
Oglesby, Carl, 1976, *The Yankee and Cowboy War: Conspiracies from Dallas to Watergate*, Kansas City: Sheed Andrews & McMeel.
Okita, Saburo, 1979, "Japan, China and the United States: Economic Relations and Prospects", *Foreign Affairs*, Vol. 57, No. 5 (Summer), pp. 1090–1110.
Ollman, Bertel, 1979, "Toward Class Consciousness in the Working Class", *Capitalist Society: Readings for a Critical Sociology*, ed. Richard Quinney, Homewood-Illinois: Dorsey Press, pp. 169–186.
O'Toole, James, 1978, *The Immobilized State: An Assay of the Future of Government/Corporate Relations*, Los Angeles: University of Southern California.
Ottawa Citizen, 1975, 11 January.
Panitch, Leo, 1977, (ed), *The Canadian State: Political Economy and Political Power*, Toronto and Buffalo: University of Toronto Press.
– 1979, "Corporatism in Canada", *Studies in Political Economy: A Socialist Review*, No. 1 (Spring), pp. 43–92.
Pasymowski, Eugene and Carl Gilberg, 1971, "Bilderberg: The Cold War Internationale", *Congressional Record* 117 (15 September), pp. 32051–32060.
Phillips, Paul A., 1967, *No Power Greater: A Century of Labour in British Columbia*, Vancouver: British Columbia Federation of Labour.
– 1978, *Regional Disparities*, Toronto: James Lorimer & Co.
Pike, Frederick and Thomas Strich, 1974, *The New Corporatism*, Notre Dame, Indiana: University of Notre Dame Press.
Pippard, L., 1979, unpublished paper, University of British Columbia.
Plumptre, A.F.W., 1978, *Three Decades of Decision–Canada and the World Monetary System 1944–75*, Toronto: McClelland and Stewart.
Pool, James and Suzanne Pool, 1978, *Who Financed Hitler: The Secret Funding of Hitler's Rise to Power*, New York: The Dial Press.
Porter, John, 1965, *The Vertical Mosaic: An Analysis of Social Class and Power in Canada*, Toronto: University of Toronto Press.
Postgate, Dale and Kenneth McRoberts, 1976, *Quebec: Social Change and Political Crisis*, Toronto: McClelland and Stewart.
Poulantzas, Nicos, 1972, "The Problem of the Capitalist State", *Ideology in Social Science*, ed. Robin Blackburn, London: Fontana.
– 1974, *Fascism and Dictatorship: The Third International and the Problem of Fascism*, London: New Left Books.
Presthus, Robert, 1973, *Elite Accommodation in Canadian Politics*, Toronto: Macmillan of Canada.
Province, The (Vancouver), 1978, 31 October, 1 November.
Québec-Presse, 1974, 3 November.
Queen's Journal (Queen's University), 1976, 26 November.
Quigley, Carroll, 1966, *Tragedy and Hope: A History of the World in Our Time*, New York: Macmillan.
Quinney, Richard (ed.), 1979, *Capitalist Society: Readings for a Critical Sociology*, Homewood, Illinois: Dorsey Press.
Rabinovitch, Victor, 1979, "Federal inaction on health and safety", *Canadian Labour*, Vol. 24, No. 4 (11 May), pp. 11–12.

Radwanski, George, 1978, *Trudeau*, Toronto: Macmillan of Canada.
Ragin, Charles, 1977, "Class, Status, and 'Reactive Ethnic Cleavages': the Social Bases of Political Regionalism", *American Sociological Review*, Vol. 42 (June), pp. 438–450.
Rea, K.J. and J.T. McLeod (ed.), 1976, *Business and Government in Canada: Selected Readings*, Second Edition, Toronto: Methuen.
Reimer, Steven C., 1978, Review of C. Levinson, *Capitalism, Inflation and the Multinationals* in *The New International Review*, Vol. 1, No. 3 (Winter), pp. 15–35.
Resnick, Philip, 1977a, *The Land of Cain: Class and Nationalism in English Canada 1945–1975*, Vancouver: New Star Books.
– 1977b, "Social Democracy in Power: The Case of British Columbia", *B.C. Studies*, No. 34 (Summer), pp. 3–20.
Richardson, Boyce, 1975, *Strangers Devour the Land*, Toronto: Macmillan of Canada.
Roberts, Benjamin C. and Hideaki Okomoto, Geroge C. Lodge, 1979, *Collective Bargaining and Employee Participation in Western Europe, North America and Japan: Report of the Trilateral Task Force on Industrial Relations to The Trilateral Commission*, New York: Trilateral Commission.
Robinson, H. Lukin, 1978, *Rising Prices*, Toronto: James Lorimer & Co.
Rohmer, Richard, 1973, *The Arctic Imperative*, Toronto: McClelland and Stewart.
Rolfe, Sidney E. and James Burtle, 1973, *The Great Wheel: the world monetary system–a reinterpretation*, New York: Quadrangle/The New York Times Book Co.
Rotstein, Abraham, 1973, *The Precarious Homestead: Essays on Economics, Technology and Nationalism*, Toronto: New Press.
– 1977, "Canada: The New Nationalism", *Sociology Canada: Readings*, Second Edition, ed. C. Beattie and S. Crysdale, Toronto: Butterworths, pp. 29–44.
Ryan, Claude (with Robert Guy Scully), 1978, *Une Société stable*, Montreal: Les Editions Héritage.
Ryerson, Stanley B., 1968, *Unequal Union: Confederation and the Roots of Conflict in the Canadas, 1815–1873*, Toronto: Progress Books.
Salmon, Jack D., 1977, "Politics of Scarcity Versus Technological Optimism", *International Studies Quarterly*, Vol. 21, pp. 701–720.
Sampson, Antony, 1973, *The Sovereign State: The Secret History of ITT*, London: Coronet Books.
– 1977, *The Arms Bazaar*, London: Hodder and Stoughton.
Scase, Richard, 1977, *Social Democracy in Capitalist Society*, London: Rowman & Littlefield.
Schiller, Herbert Schiller, 1971, *Mass Communications and American Empire*, Boston: Beacon Press.
Schmitter, Philippe C., 1974, "Still the Century of Corporatism?", *The Review of Politics*, Vol. 36, No. 1 (January), pp. 85–131.
Schram, Martin, 1976, *Running for President: A Journal of the Carter Campaign*, New York: Pocket Books.
Schumacher, E.F., 1973, *Small is Beautiful: Economics as if People Mattered*, New York: Harper & Row.
Schumpeter, Joseph A., 1976, *Capitalism, Socialism and Democracy*, Fifth Edition, London: George Allen & Unwin.
Science Council of Canada, 1971, *Innovation in a Cold Triangle: The Dilemma of Canadian Manufacturing*, Ottawa: Information Canada.
– 1977, *Uncertain Prospects*, Ottawa.
Scott, Jac, 1974, *Sweat and Struggle: Working Class Struggles in Canada, Vol. 1: 1789–1899*, Vancouver: New Star Books.

— 1975, *Plunderbund and Proletariat: A History of the I.W.W. in B.C.*, Vancouver: New Star Books.
Seldes, George, 1947, *One Thousand Americans*, New York: Boni & Gaer.
Shoup, Lawrence H. and William Minter, 1977, *Imperial Brain Trust: The Council on Foreign Relations and United States Foreign Policy*, New York and London: Monthly Review Press.
Siemiatycki, Jack, 1974, "The Distribution of Disease", *Canadian Dimension*, Vol. 10, No. 2 (June), pp. 19—25.
Simon, William E., 1979, "The Malignant Growth of Federal Spending", Smith Kline Forum advertisement in *Newsweek*, 2 April.
Smith, Denis, 1971, *Bleeding Hearts ... Bleeding Country*, Edmonton: Hurtig.
Solidaire, 1972, "Chronology of the May General Strike", in *Radical America*, Vol. 6, No. 5 (September—October), pp. 102—105.
Star, The (Toronto), 1977, 23 Feburary.
— 1979, 22 May.
Starks, Richard, 1978, *Industry in Decline*, Toronto: James Lorimer & Co.
Starowicz, Mark and Rae Murphy (ed.), 1972, *Corporate Canada: 14 Probes into the Workings of a Branch-Plant Economy*, Toronto: James Lewis & Samuel.
Stevenson, Paul, 1977, "Class and Left-Wing Radicalism", *Canadian Review of Sociology and Anthropology*, Vol. 14, No. 3 (August), pp. 269—284.
Stewart, Walter, 1977, "The God that Failed", *Maclean's*, 24 January, pp. 30—34.
— 1978, "The Bix Fix", *Macleans's*, 21 August, pp. 33—36.
Stivers, Robert L., 1976, *The Sustainable Society: Ethics and Economic Growth*, Philadelphia: The Westminster Press.
Sun, The (Vancouver), 1971, 9 October; 15, 18 November.
— 1977, 25 October.
— 1978, 6, 16 June; 2, 4 August; 28 October.
— 1979, 20, 25 August.
Sweezy, Paul M. and Harry Magdoff, 1972, *The Dynamics of U.S. Capitalism: Corporate Structure, Inflation, Credit, Gold and the Dollar*, New York: Monthly Review Press.
— 1978, "The Present Stage of the Global Crisis of Capitalism", *Monthly Review*, Vol. 29, No. 11 (April), pp. 1—13.
Swift, Jamie and the Development Education Centre, 1977, *The Big Nickel: Inco at Home and Abroad*, Kitchener: Between the Lines.
Teeple, Gary (ed.), 1972, *Capitalism and the National Question in Canada*, Toronto and Buffalo: University of Toronto Press.
Tellier, Luc-Normand (ed.), 1978, *Problèmes actuels de l'économie québécoise*, Montreal: Les Editions Quinze.
Therborn, Göran and Anders Kjellberg, Staffan Marklund, and Ulf Öhlund, 1978, "Sweden Before and After Social Democracy: A First Overview", *Acta Sociologica: Journal of the Scandinavian Sociological Association*, Vol. 21—Supplement, pp. 37—58.
Togliatti, Palmiro, 1976, *Lectures on Fascism*, New York: International Publishers.
Tremblay, Louis-Marie, 1972, *Le Syndicalisme québécois: idéologies de la CSN et de la FTQ, 1940—1970*, Montreal: Les Presses de l'Université de Montréal.
Trialogue: A Bulletin of North American-European-Japanese Affairs (New York: The Trilateral Commission), 1978—79.
Triffin, Robert, 1978/79, "The International Role and Fate of the Dollar", *Foreign Affairs*, Vol. 57, No. 2 (Winter), pp. 269—286.
Trilateral Commission, The (also see Crozier, Roberts and Trialogue listings), 1977, *Trilateral Commission Task Force Reports: 1—7—The Triangle Papers/A Compilation of Reports from the First Two Years of the Trilateral Commission*, New York: New York University press.

– 1978a, *Trilateral Commission Task Force Reports: 9–14 – The Triangle Papers/A Compilation of Reports to the Trilateral Commission Completed in 1976 and 1977*, New York: New York University Press.
– 1978b, *The Trilateral Commission: A Private North American-European-Japanese Initiative on Matters of Common Concern.*
Trudeau, Pierre Elliott, 1956, (ed.), *La Grève de l'amiante: une étape de la révolution industrielle au Québec*, Montreal: Les éditions Cité libre.
– 1958, "A propos de domination économique", *Cité libre*, translated in *The Last Post*, May 1972.
– 1968, *Federalism and the French Canadians*, Toronto: Macmillan of Canada.
– 1972, *Conversations with Canadians*, Toronto: University of Toronto Press.
– 1976, "Reflections on the Economy", in *Business and Government in Canada: Selected Readings*, ed. K.J. Rea and J.T. McLeod, Toronto: Methuen, pp. 449–454.
– 1978, Text of address to the Economic Club of New York, 22 March, published in *The Sun*, Vancouver, 23 March.
Tucker, Anthony, 1979, "World needs its forests", *Manchester Guardian*, 4 March.
Ubyssey, The (University of British Columbia), 1978, 3 February.
Ullman, Richard H., 1976, "Trilateralism: 'Partnership' for What?", *Foreign Affairs*, Vol 55. No. 1 (October), pp. 1–19.
U.S. News and World Report, 1976, "Is Democracy Dying?: Verdict of Leading World Scholars", 8 March.
Vaillancourt, Pauline, 1978, "Unity on the Decline", *Canadian Dimension*, November/December, pp. 14–19.
Vaillancourt, Pauline and George Martell, 1979, "Reflections and a Retrospective: an interview with Yvon Charbonneau", *This Magazine*, Vol. 13, No. 3 (July/August), pp. 12–16.
Vajda, Mihaly, 1976, *Fascism as a Mass Movement*, London: Allison & Busby.
Valentin, Finn, 1978, "Corporatism and the Danish Welfare State", *Acta Sociologica: Journal of the Scandinavian Sociological Association*, Vol. 21 – Supplement, pp. 73–96.
Vanneman, Reeve and Fred C. Pampel, 1977, "The American Perception of Class and Status", *American Sociological Review*, Vol. 42 (June), pp. 422–437.
Wachtel, Howard et al., 1978, "Inflation and unemployment, or which came first, the chicken or...?", *The Federal Budget and Social Reconstruction*, ed. M.G. Raskin, Washington, D.C.: Institute for Policy Studies.
Wallick, Franklin, 1978, "Human Rights in U.S. Industry", *Socialist Affairs*, November/December, pp. 159–160.
Warnock, John W., 1970, *Partner to Behemoth: The Military Policy of a Satellite Canada*, Toronto: New Press.
Washington Post, 1978, 26 November.
Watkins, Mel, 1973, "Resources and Underdevelopment", *(Canada) Ltd.: The Political Economy of Dependency*, Toronto: McClelland and Stewart, pp. 107–126.
Watt, David, 1977, "Strains Within the system: Appearances and Realities in British Politics Today", *The Round Table*, Vol. 67, pp. 235–240.
Weekend Magazine, 1979, 28 July.
Weinstein, James, 1969, *The Corporate Ideal in the Liberal State, 1900–1918*, Boston: Beacon Press.
White, Terrence H., 1975, "Canadian Labour and International Unions in the Seventies", *Prophecy and Protest: Social Movements in Twentieth-Century Canada*, ed. S.D. Clark, J.P. Grayson, L.M. Grayson, Toronto: Gage, pp. 288–305.
White, Theodore H., 1965, *The Making of the President 1964*, New York: Atheneum.

Wiarda, Howard J., 1974, "Corporatism and Development in the Iberic-Latin World: Persistent Strains and New Variations", *The Review of Politics*, Vol. 36, No. 1 (January), pp. 3–33.
Wilensky, H.L., 1975, *The Welfare State and Equality: Structural and Ideological Roots of Public Expenditures*, Berkeley: University of California Press.
– 1976, *The New Corporatism, Centralization and the Welfare State*, Beverly Hills: Sage Publications.
Willox, Paul, 1978a, Conversation with Hon. Iona Campagnolo, Canadian Minister of State for Fitness and Amateur Sport, University of British Columbia, September.
– 1978b, Interview with Hon. Alan Blakeney, Premier of Saskatchewan, Socialist International Congress, Vancouver, 4 November.
– 1979a, Conversation with Stuart Leggatt, M.P., University of British Columbia, 9 March.
– 1979b, "Quebec Labour and the Rise of Working-Class Consciousness", *Economy, Class and Social Reality: Issues in Contemporary Canadian Society*, ed. John Allan Fry, Toronto: Butterworths, pp. 263–282.
– 1980, "Canadian Labour and the Capital Crisis: The Dynamics of Conflict", *Power and Change in Canada*, ed. Richard J. Ossenberg, Toronto: McClelland and Stewart (forthcoming).
Wolfe, Alan, 1977, *The Limits of Legitimacy: Political Contradictions of Contemporary Capitalism*, New York: The Free Press.
Wolfe, David, 1977, "The State and Economic Policy in Canada, 1968–75", *The Canadian State: Political Economy and Political Power*, ed. L. Panitch, Toronto and Buffalo: University of Toronto Press, pp. 251–288.
Wolfskill, George, 1962, *The Revolt of the Conservatives: A History of the American Liberty League*, Boston: Houghton Mifflin.
Wright, Erik Olin, 1976, "Class Boundaries in Advanced Capitalist Societies", *New Left Review*, No. 98.
– 1978, *Class, Crisis and the State*, London: NLB.
Wright, Erik Olin and Luca Perrone, 1977, "Marxist Class Categories and Income Equality", *American Sociological Review*, Vol. 42 (February), pp. 32–55.

Appendix

(As of October 15, 1978)

The Trilateral Commission

GEORGES BERTHOIN *European Chairman*	TAKESHI WATANABE *Japanese Chairman*	DAVID ROCKEFELLER *North American Chairman*
EGIDIO ORTONA *European Deputy Chairman*		MITCHELL SHARP *North American Deputy Chairman*
	GEORGE S. FRANKLIN *Coordinator*	
HANNS W. MAULL *European Secretary*	TADASHI YAMAMOTO *Japanese Secretary*	CHARLES B. HECK *North American Secretary*

North American Members

*I. W. Abel, *Former President, United Steelworkers of America*
David M. Abshire, *Chairman, Georgetown University Center for Strategic and International Studies*
Gardner Ackley, *Henry Carter Adams University Professor of Political Economy, University of Michigan*
Graham Allison, *Dean, John F. Kennedy School of Government, University of Michigan*
Doris Anderson, *Former Editor,* Châtelaine *Magazine*
John B. Anderson, *House of Representatives*
Anne Armstrong, *Former U.S. Ambassador to Great Britain*
J. Paul Austin, *Chairman, The Coca-Cola Company*
George W. Ball, *Senior Partner, Lehman Brothers*
Michel Belanger, *President, Provincial Bank of Canada*
*Robert W. Bonner, Q.C., *Chairman, British Columbia Hydro*
John Brademas, *House of Representatives*
Andrew Brimmer, *President, Brimmer & Company, Inc.*
William E. Brock, III, *Chairman, Republican National Committee*
Arthur F. Burns, *Senior Adviser, Lazard Frères & Co.; former Chairman of Board of Governors, U.S. Federal Reserve Board*
Hugh Calkins, *Partner, Jones, Day, Reavis & Pogue*
Claude Castonguay, *President, Fonds Laurentien; Chairman of the Board, Imperial Life Assurance Company; former Minister in the Quebec Government*
Sol Chaikin, *President, International Ladies Garment Workers Union*
William S. Cohen, *House of Representatives*
*William T. Coleman, Jr., *Senior Partner, O'Melveny & Myers; former Secretary of Transportation*
Barber B. Conable, Jr., *House of Representatives*
John Cowles, Jr., *Chairman, Minneapolis Star & Tribune Co.*
Alan Cranston, *United States Senate*
John C. Culver, *United States Senate*

Gerald L. Curtis, *Director, East Asian Institute, Columbia University*
Lloyd N. Cutler, *Partner, Wilmer, Cutler & Pickering*
Louis A. Desrochers, *Partner, McCuaig and Desrochers, Edmonton*
Peter Dobell, *Director, Parliamentary Centre for Foreign Affairs and Foreign Trade, Ottawa*
Hedley Donovan, *Editor-in-Chief, Time Inc.*
Claude A. Edwards, *Member, Public Service Staff Relations Board; former President, Public Service Alliance of Canada*
Daniel J. Evans, *President, The Evergreen State College; former Governor of Washington*
Gordon Fairweather, *Chief Commissioner, Canadian Human Rights Commission*
Thomas S. Foley, *House of Representatives*
George S. Franklin, *Coordinator, The Trilateral Commission; former Executive Director, Council on Foreign Relations*
Donald M. Fraser, *House of Representatives*
John Allen Fraser, *Member of Parliament, Ottawa*
John H. Glenn, Jr., *United States Senate*
Donald Southam Harvie, *Deputy Chairman, Petro Canada*
Philip M. Hawley, *President, Carter Hawley Hale Stores, Inc.*
Walter W. Heller, *Regents' Professor of Economics, University of Minnesota*
William A. Hewitt, *Chairman, Deere & Company*
Carla A. Hills, *Senior Resident Partner, Latham, Watkins & Hills; former U.S. Secretary of Housing and Urban Development*
Alan Hockin, *Executive Vice President, Toronto-Dominion Bank*
James F. Hoge, Jr., *Chief Editor,* Chicago Sun Times
Hendrik S. Houthakker, *Henry Lee Professor of Economics, Harvard University*
Thomas L. Hughes, *President, Carnegie Endowment for International Peace*
*Robert S. Ingersoll, *Deputy Chairman of the Board of Trustees, The University of Chicago; former Deputy Secretary of State*
D. Gale Johnson, *Provost, The University of Chicago*
Edgar F. Kaiser, Jr., *President and Chief Executive Officer, Kaiser Resources Ltd.*
Michael Kirby, *President, Institute for Research on Public Policy, Montreal*
Lane Kirkland, *Secretary-Treasurer, AFL-CIO*
*Henry A. Kissinger, *Former Secretary of State*
Sol M. Linowitz, *Senior Partner, Coudert Brothers; former Ambassador to the Organization of American States*
Winston Lord, *President, Council on Foreign Relations*
Donald S. Macdonald, *Former Canadian Minister of Finance*
*Bruce K. MacLaury, *President, The Brookings Institution*
Paul W. McCracken, *Edmund Ezra Day Professor of Business Administration, University of Michigan*
Arjay Miller, *Dean, Graduate School of Business, Stanford University*
Lee L. Morgan, *President, Caterpillar Tractor Company*
Kenneth D. Naden, *President, National Council of Farmer Cooperatives*
David Packard, *Chairman, Hewlett-Packard Company*
Gerald L. Parsky, *Partner, Gibson, Dunn & Crutcher; former Assistant Secretary of the Treasury for International Affairs*
William R. Pearce, *Vice President, Cargill Incorporated*
Peter G. Peterson, *Chairman, Lehman Brothers*

Edwin O. Reischauer, *University Professor and Director of Japan Institute, Harvard University; former U.S. Ambassador to Japan*
*Charles W. Robinson, *Vice Chairman, Blyth Eastman Dillon & Co.; former Deputy Secretary of State*
*David Rockefeller, *Chairman, The Chase Manhattan Bank, N.A.*
John D. Rockefeller, IV, *Governor of West Virginia*
Robert V. Roosa, *Partner, Brown Bros., Harriman & Company*
*William M. Roth, *Roth Properties*
William V. Roth, Jr., *United States Senate*
John C. Sawhill, *President, New York University; former Administrator, Federal Energy Administration*
Henry B. Schacht, *Chairman, Cummins Engine Inc.*
*William W. Scranton, *Former Governor of Pennsylvania; former U.S. Ambassador to the United Nations*
*Mitchell Sharp, *Member of Parliament; former Minister of External Affairs*
Mark Shepherd, Jr., *Chairman, Texas Instruments Incorporated*
Edson W. Spencer, *President and Chief Executive Officer, Honeywell Inc.*
Robert Taft, Jr., *Partner, Taft, Stettinius & Hollister*
Arthur R. Taylor
James R. Thompson, *Governor of Illinois*
Russell E. Train, *Former Administrator, U.S. Environmental Protection Agency*
Philip H. Trezise, *Former Assistant Secretary of State for Economic Affairs*
Paul A. Volcker, *President, Federal Reserve Bank of New York*
Martha R. Wallace, *Executive Director, The Henry Luce Foundation, Inc.*
Martin J. Ward, *President, United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada*
Glenn E. Watts, *President, Communications Workers of America*
Caspar W. Weinberger, *Vice President and General Counsel, Bechtel Corporation*
George Weyerhaeuser, *President and Chief Executive Officer, Weyerhaeuser Company*
Marina v.N. Whitman, *Distinguished Public Service Professor of Economics, University of Pittsburgh*
Carroll L. Wilson, *Mitsui Professor in Problems of Contemporary Technology, Alfred P. Sloan School of Management; Director, Workshop on Alternative Energy Strategies, MIT*
T. A. Wilson, *Chairman of the Board, The Boeing Company*

*Executive Committee

Former Members in Public Service

Lucy Wilson Benson, *U.S. Under Secretary of State for Security Assistance*
W. Michael Blumenthal, *U.S. Secretary of the Treasury*
Robert R. Bowie, *U.S. Deputy to the Director of Central Intelligence for National Intelligence*
Harold Brown, *U.S. Secretary of Defense*
Zbigniew Brzezinski, *U.S. Assistant to the President for National Security Affairs*
Jimmy Carter, *President of the United States*
Warren Christopher, *U.S. Deputy Secretary of State*
Richard N. Cooper, *U.S. Under Secretary of State for Economic Affairs*
Richard N. Gardner, *U.S. Ambassador to Italy*

Richard Holbrooke, *U.S. Assistant Secretary of State for East Asian and Pacific Affairs*
Walter F. Mondale, *Vice President of the United States*
Henry Owen, *Special Representative of the President for Economic Summits; U.S. Ambassador at Large*
Jean-Luc Pépin, P.C., *Cochairman, Task Force on Canadian Unity*
Elliot L. Richardson, *U.S. Ambassador at Large with Responsibility for UN Law of the Sea Conference*
Gerard C. Smith, *U.S. Ambassador at Large for Non-Proliferation Matters*
Anthony M. Solomon, *U.S. Under Secretary of the Treasury for Monetary Affairs*
Cyrus R. Vance, *U.S. Secretary of State*
Paul C. Warnke, *Director, U.S. Arms Control and Disarmament Agency; Chief Disarmament Negotiator*
Andrew Young, *U.S. Ambassador to the United Nations*

European Members

*Giovanni Agnelli, *President, FIAT*
*P. Nyboe Andersen, *Chief General Manager, Andelsbanken A/S; former Danish Minister for Economic Affairs and Trade*
Piero Bassetti, *Chamber of Deputies, Rome*
*Georges Berthoin, *President, European Movement*
Kurt H. Biedenkopf, *Deputy Chairman, Christian Democratic Union, Federal Republic of Germany*
*Kurt Birrenbach, *President, German Foreign Policy Association; President, Thyssen Stiftung*
*Henrik N. Boon, *Former Dutch Ambassador to NATO and Italy*
Guido Carli, *President, Confindustria; former Governor, Bank of Italy*
Lord Carrington, *House of Lords, London*
Jean-Claude Casanova, *Professor of Political Science, Institute of Political Studies, Paris*
Willy de Clercq, *Chairman, Party for Freedom and Progress, Belgium*
Umberto Colombo, *Director-General, Research & Development Division, Montedison*
Francesco Compagna, *Chamber of Deputies, Rome*
The Earl of Cromer, *Advisor to Baring Bros. & Co., Ltd.; former British Ambassador to the United States*
Antoinette Danis-Spaak, *Member of Chamber of Representatives, Brussels*
Michel Debatisse, *Chairman of the French National Farmers Union*
*Paul Delouvrier, *Chairman, French Electricity Board*
Barry Desmond, *Member of Irish Parliament and Labour Party Whip*
Jean Dromer, *Président Directeur Général, Banque Internationale pour l'Afrique Occidentale*
François Duchêne, *Director, Sussex European Research Centre, University of Sussex*
G. Eastwood, *General Secretary, Association of Patternmakers & Allied Craftsmen, London*
*Horst Ehmke, *Deputy Chairman, Parliamentary Fraction of Social Democratic Party, Federal Republic of Germany; former Minister of Justice*

Pierre Esteva, *Administrateur Directeur Général, Union des Assurances de Paris*
K. Fibbe, *Chairman of the Board, Overseas Gas and Electricity Company, Rotterdam*
M. H. Fisher, *Editor*, Financial Times
Garret Fitzgerald, *Member of Irish Parliament and Leader of Fine Gael Party; former Foreign Minister of Ireland*
René Foch, *Délégué National aux Questions Internationales du Parti des Républicains Indépendants*
Francesco Forte, *President, Tescon, S.p.A., Rome*
*Michel Gaudet, *Président, Fédération Française des Sociétés d'Assurances*
Sir Reay Geddes, *Chairman, Dunlop Holdings, Ltd.*
Giuseppe Glisenti, *President, La Rinascente*
Ronald Grierson, *Director, General Electric Co., Ltd.*
Lord Harlech, *Chairman, Harlech Television; former British Ambassador to the United States*
Hans Hartwig, *Chairman, German Association for Wholesale and Foreign Trade*
Bernard Hayhoe, *Member of British Parliament*
Jozef P. Houthuys, *Chairman, Belgian Confederation of Christian Trade Unions*
Ludwig Huber, *President, Bayerische Landesbank*
Horst K. Jannott, *Chairman, Board of Directors, Munich Reinsurance Society*
Daniel E. Janssen, *Administrateur Délégué et Directeur Général, Belgian Chemical Union*
Hans-Jürgen Junghans, *Member of the Bundestag*
Karl Kaiser, *Director, Research Institute of the German Society for Foreign Policy*
Sir Kenneth Keith, *Chairman, Rolls Royce Ltd.*
Henry Keswick, *Chairman, Matheson & Company, Ltd.*
Michael Killeen, *Managing Director, Industrial Development Authority of the Irish Republic*
Sir Arthur Knight, *Chairman, Courtaulds, Ltd.*
*Max Kohnstamm, *Principal, European University Institute, Florence*
Erwin Kristoffersen, *Director, International Division, German Federation of Trade Unions*
*Baron Léon Lambert, *Président du Groupe Bruxelles Lambert, S.A.*
Arrigo Levi, *La Stampa, Turin*
Mark Littman, *Deputy Chairman, British Steel Corporation*
Richard Löwenthal, *Professor Emeritus, Free University of Berlin*
*Roderick MacFarquhar, *Member of British Parliament*
Giorgio La Malfa, *Chamber of Deputies, Rome*
Robert Marjolin, *Former Vice President of the Commission of the European Communities*
Roger Martin, *Président, Compagnie Saint-Gobain Pont-à-Mousson*
Reginald Maudling, *Member of British Parliament; former Cabinet Minister*
Cesare Merlini, *Director, Institute for International Affairs, Rome*
Thierry de Montbrial, *Professor of Economics, Ecole Polytechnique, Paris*
Alwin Münchmeyer, *Chairman of the Board, Bank Schröder, Münchmeyer, Hengst & Co.*
Preben Munthe, *Professor of Economics, Oslo University; Official Chief Negotiator in Negotiations between Labor Unions and Industry*

Dan Murphy, *Secretary-General of the Civil Service Executive Union, Dublin*
Karl-Heinz Narjes, *Member of the Bundestag*
Friedrich A. Neuman, *Chairman, State Association, Industrial Employers Societies, North-Rhine Westphalia*
*Egidio Ortona, *President, Honeywell Information Systems, Italia; former Italian Ambassador to the United States*
Bernard Pagezy, *Président Directeur Général, Sociétés d'Assurances du Groupe de Paris*
Sir John Pilcher, *Former British Ambassador to Japan*
Jean Rey, *Ministre d'Etat; former President of the Commission of the European Communities*
Julian Ridsdale, *Member of British Parliament; Chairman, Anglo-Japanese Parliamentary Group*
Sir Frank Roberts, *Advisory Director, Unilever Ltd.; former British Ambassador to Germany and the Soviet Union*
*Mary T. W. Robinson, *Member of Senate, Irish Republic*
Lord Roll, *Chairman, S. G. Warburg and Co., Ltd.*
John Roper, *Member of British Parliament*
François de Rose, *Ambassadeur de France; Président Directeur Général, Société Nouvelle Pathé Cinéma*
Baron Edmond de Rothschild, *Président, Compagnie Financière Holding, Paris*
Ivo Samkalden, *Former Mayor of Amsterdam*
John C. Sanness, *Director, Norwegian Institute of International Affairs*
W. F. Scherpenhuijsen Rom, *Chairman, Board of Directors, Nederlandsche Middenstandsbank, N. V.*
Erik Ib Schmidt, *Permanent Undersecretary of State; Chairman, Risø National Laboratory*
Th. M. Scholten, *Chairman of the Board, Robeco Investment Group, Rotterdam*
Gerhard Schröder, *Member of the Bundestag; former Foreign Minister of the Federal Republic of Germany*
Erik Seidenfaden, *Directeur de la Fondation Danoise, Institut Universitaire International de Paris*
Federico Sensi, *Ambassador of Italy; former Italian Ambassador to the Soviet Union*
Roger Seydoux, *Ambassadeur de France; Président, Banque de Madagascar et des Comores; Président, Fondation de France*
Lord Shackleton, *Deputy Chairman, Rio Tinto-Zinc Corporation Ltd., London*
Sir Andrew Shonfield, *Professor of Economics, European University Institute, Florence; former Director, Royal Institute of International Affairs*
J. H. Smith, *Deputy Chairman, British Gas Corporation*
Hans-Günther Sohl, *Chairman of the Board, August Thyssen Hütte A.G.*
Theo Sommer, *Editor-in-Chief,* Die Zeit
Myles Staunton, *Member of Senate, Irish Republic*
G. R. Storry, *St. Antony's College, Oxford (Far East Centre)*
John A. Swire, *Chairman, John Swire and Sons, Ltd.*
*Otto Grieg Tidemand, *Shipowner; former Norwegian Minister of Defense and Minister of Economic Affairs*
A. F. Tuke, *Chairman, Barclays Bank International Ltd.*
Heinz-Oskar Vetter, *Chairman, German Federation of Trade Unions*
Paolo Vittorelli, *Member of Italian Parliament*
Sir Frederick Warner, *Director, Guinness Peat Group Ltd.; former British Ambassador to Japan*

Luc Wauters, *Chairman, Kredietbank, Brussels*
Edmund Wellenstein, *Former Director General for External Affairs, Commission of the European Communities*
Kenneth Whitaker, *Member of Senate, Irish Republic; former Governor of the Central Bank of Ireland*
Alan Lee Williams, *Member of British Parliament*
Otto Wolf von Amerongen, *President, Otto Wolff A.G.; President, German Federation of Trade and Industry*
Michael Woods, *Member of Irish Parliament*
*Sir Philip de Zulueta, *Chairman, Antony Gibbs Holdings Ltd.*

*Executive Committee

Former Members in Public Service

Svend Auken, *Minister of Labor, Denmark*
Raymond Barre, *Prime Minister and Finance Minister, French Republic*
Herbert Ehrenberg, *Minister of Labor and Social Affairs, Federal Republic of Germany*
Marc Eyskens, *Belgian State Secretary for Budget and Flemish Regional Economy*
Otto Graf Lambsdorff, *Minister of Economics, Federal Republic of Germany*
Jean-Philippe Lecat, *Minister of Culture and Communications, French Republic*
Evan Luard, *Parliamentary Under Secretary of State for the British Foreign Office*
Ivar Nørgaard, *Danish Minister of Commerce*
Michael O'Kennedy, *Minister for Foreign Affairs, Irish Republic*
Henri Simonet, *Foreign Minister of Belgium*
Thorvald Stoltenberg, *Secretary of State, Norwegian Ministry of Foreign Affairs*
Olaf Sund, *Senator for Labor and Social Affairs, Land Government of Berlin*

Japanese Members

Isao Amagi, *President, Japan Society for the Promotion of Science; former Vice Minister of Education*
Yoshiya Ariyoshi, *Counsellor, Nippon Yusen, K.K.*
Shizuo Asada, *President, Japan Air Lines Company, Ltd.*
Yoshishige Ashihara, *Chairman, Kansai Electric Power Company, Inc.*
Toshiwo Doko, *President, Japan Federation of Economic Organizations (Keidanren)*
Jun Eto, *Professor, Tokyo Institute of Technology*
Shinkichi Eto, *Professor of International Relations, Tokyo University*
*Chujiro Fujino, *Chairman, Mitsubishi Corporation*
Shintaro Fukushima, *President, Kyodo News Service*
Noboru Gotoh, *President, TOKYU Corporation*
Toru Hagiwara, *Advisor to the Minister of Foreign Affairs; former Ambassador to France*
Nihachiro Hanamura, *Vice President, Japan Federation of Economic Organizations (Keidanren)*
Sumio Hara, *Executive Advisor, Bank of Tokyo, Ltd.*

*Yukitaka Haraguchi, *Chairman, Central Executive Committee, All Japan Federation of Metal Mine Labor Unions*
Norishige Hasegawa, *Chairman, Sumitomo Chemical Company, Ltd.*
Teru Hidaka, *Chairman, Yamaichi Securities Company, Ltd.*
Gen Hirose, *President, Nihon Insurance Co., Ltd.*
Hideo Hori, *President, The Association for Employment Promotion of the Handicapped*
*Takashi Hosomi, *Advisor, Industrial Bank of Japan, Ltd.*
Shozo Hotta, *Honorary Chairman, Sumitomo Bank, Ltd.*
Hosai Hyuga, *Chairman, Sumitomo Metal Industries, Ltd.*
Shinichi Ichimura, *Professor of Economics, Kyoto University*
Yoshizo Ikeda, *President, Mitsui & Co., Ltd.*
Yoshihiro Inayama, *Chairman, Nippon Steel Corporation*
Kaoru Inouye, *Honorary Chairman, Dai-Ichi Kangyo Bank, Ltd.*
Rokuro Ishikawa, *President, Kajima Corporation*
Tadao Ishikawa, *President, Keio University*
Joji Itakura, *President, The Mitsui Bank, Ltd.*
Yoshizane Iwasa, *Chairman, Japan-U.S. Economic Council*
Motoo Kaji, *Professor of Economics, Tokyo University*
Fuji Kamiya, *Professor of International Relations, Keio University*
*Yusuke Kashiwagi, *President, Bank of Tokyo, Ltd.; former Special Advisor to the Minister of Finance*
Koichi Kato, *Member of the Diet*
Ryoichi Kawai, *President, Komatsu, Ltd.*
Katsuji Kawamata, *Chairman, Nissan Motor Company, Ltd.*
Kiichiro Kitaura, *President, Nomura Securities Company, Ltd.*
Koji Kobayashi, *Chairman, Nippon Electric Company, Ltd.*
Kenichiro Komai, *Chairman, Hitachi, Ltd.*
Shinichi Kondo, *Advisor, Mitsubishi Corporation; former Ambassador to Canada*
Fumihiko Kono, *Counsellor, Mitsubishi Heavy Industries, Ltd.*
Masataka Kosaka, *Professor, Faculty of Law, Kyoto University*
Fumihiko Maki, *Principal Partner, Maki and Associates, Design, Planning and Development*
Shigeharu Matsumoto, *Chairman, International House of Japan, Inc.*
Daigo Miyado, *Chairman, The Sanwa Bank, Ltd.*
Akio Morita, *Chairman, SONY Corporation*
Takashi Mukaibo, *President, Tokyo University*
Norihiko Nagai, *President, Mitsui O.S.K. Lines*
Yonosuke Nagai, *Professor of Political Science, Tokyo Institute of Technology*
Shigeo Nagano, *President, Japan Chamber of Commerce and Industry*
Eiichi Nagasue, *Member of the Diet*
Nobuyuki Nakahara, *Managing Director, Toa Nenryo Kogyo, K.K.*
Toshio Nakamura, *Chairman, Mitsubishi Bank, Ltd.*
Ichiro Nakayama, *President, Japan Institute of Labor*
Sohei Nakayama, *Counsellor, Industrial Bank of Japan, Ltd.*
Akira Ogata, *Chief News Commentator, Japan Broadcasting Corporation (NHK)*
Yoshihisa Ohjimi, *President, Arabian Oil Company, Ltd.; former Vice Minister of International Trade and Industry*
*Saburo Okita, *Chairman, Japan Economic Research Center*
*Kiichi Saeki, *President, Nomura Research Institute*
Kunihiko Sasaki, *Chairman, Fuji Bank, Ltd.*

Yukio Shibayama, *Chairman, Sumitomo Shoji Kaisha, K.K.*
Masahide Shibusawa, *Director, East-West Seminar*
Yoshihito Shimada, *President, Takahashi Foundation; former President, Japan Petroleum Development Corporation*
Tatsuo Shoda, *Chairman, The Nippon Credit Bank, Ltd.*
Binsuke Sugiura, *Chairman, The Long Term Credit Bank of Japan, Ltd.*
*Ryuji Takeuchi, *Advisor to the Minister for Foreign Affairs; former Ambassador to the United States*
Eiji Toyoda, *President, Toyota Motor Company, Ltd.*
Seiki Tozaki, *President, C. Itoh & Co., Ltd.*
Seiji Tsutsumi, *Chairman, Seibu Department Store, Inc.*
Tadao Umesao, *Director, National Museum of Ethnology*
Shogo Watanabe, *Chairman, Nikko Securities Company, Ltd.*
*Takeshi Watanabe; *Former President, Asian Development Bank*
Kizo Yasui, *Chairman, Toray Industries, Inc.*

*Executive Committee

Former Members in Public Service

Kiichi Miyazawa, *Minister of Economic Planning*
Nobuhiko Ushiba, *Minister of External Economic Affairs*

Source: Trilateral Commission 1978*b*

ACTA UNIVERSITATIS UPSALIENSIS

Studia Sociologica Upsaliensia

Editor: Ulf Himmelstrand

---

1. Torgny T. Segerstedt: Tekniskt bistånd och social struktur. 1962.
2. Torgny T. Segerstedt: Humanisternas yrkesval. En provundersökning 1963.
3. Torgny T. Segerstedt: Naturvetarnas yrkesval. 1964.
4. Torgny T. Segerstedt: Den akademiska gemenskapen. En sociologisk skiss. 1966.
5. Adam Heymowski: Swedish "Travellers" and Their Ancestry. A Social Isolate or an Ethnic Minority? 1969.
6. Torgny T. Segerstedt: Socialt system för samfärdsel. 1970.
7. Björn Eriksson: Om den sociologiska analysen av kunskap. Några steg i riktning mot ett kunskapssociologiskt paradigm. 1972.
8. Per Säfholm: The River-Lake Nilotes. 1973.
9. Peder Hård av Segerstad: Litteratursociologi – ett bidrag till ämnets teoriutveckling. 1974.
10. Björn Eriksson: Problems of an Empirical Sociology of Knowledge. 1975.
11. Erik Ask-Upmark: Cerebrovascular Lesions and Oral Contraceptives. 1976.
12. Thomas Coniavitis: Irrationalitet – Rationalitet. Max Weber – Georg Lukács: En uppgörelse. 1977.
13. Lars Fredén: Att sakna möjligheter En teoretisk och empirisk studie av depressioner utifrån Ernest Beckers socialpsykologiska teori. 1978.
14. Lowe Hedman: Svenskarna och u-hjälpen. En studie av den svenska allmänheten, lokala opinionsbildare och jounalister. 1978.
15. Bo Lewin: Om ogift samboende i Sverige; med tonvikt på samtida förhållanden. 1979.
16. Paul Willox: The Capital Crisis and Labour: Perspectives on the Dynamics of Working-Class Consciousness in Canada. 1980.

ISBN 91–554–1025–1
ISSN 0585–5551